Datatreasury Corporation v. City National Corporation et al Doc. 26 Att. 1

EXHIBIT "1"

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UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

DATATREASURY CORPORATION *PLAINTIFF*	§ § §	
vs.	§ §	
WELLS FARGO & COMPANY; WELLS FARGO BANK, NATIONAL ASSOCIATION; BANK OF AMERICA CORPORATION; BANK OF AMERICA, NATIONAL ASSOCIATION; U.S. BANCORP; U.S. BANK, NATIONAL ASSOCIATION; WACHOVIA CORPORATION; WACHOVIA BANK, NATIONAL ASSOCIATION; SUNTRUST BANKS, INC.; SUNTRUST BANK; BB&T CORPORATION; BRANCH BANKING AND TRUST COMPANY; BANCORPSOUTH, INC.; BANCORPSOUTH BANK; COMPASS BANCSHARES, INC.; COMPASS BANK; CULLEN/FROST BANKERS, INC.; THE FROST NATIONAL BANK; FIRST HORIZON NATIONAL CORPORATION; FIRST TENNESSEE BANK, NATIONAL ASSOCIATION; HSBC NORTH AMERICA HOLDINGS INC.; HSBC BANK USA, N.A.; HARRIS BANKCORP, INC.; HARRIS N.A.; NATIONAL CITY CORPORATION; NATIONAL CITY BANK; ZIONS BANCORPORATION; ZIONS FIRST NATIONAL BANK; BANK OF NEW YORK CO., INC.; THE BANK OF NEW YORK; UNIONBANCAL CORPORATION; UNION BANK OF CALIFORNIA, NATIONAL ASSOCIATION; BANK OF TOKYO-MITSUBISHI UFJ, LTD.; CITIZENS FINANCIAL GROUP, INC. CITY NATIONAL CORPORATION; CITY NATIONAL BANK; COMERICA	§ §	Civil Action No. 2:06cv72 JURY TRIAL DEMANDED

INCORPORATED; COMERICA BANK & TRUST, NATIONAL ASSOCIATION; DEUTSCHE BANK TRUST COMPANY AMERICAS; FIRST CITIZENS BANCSHARES, INC.; FIRST CITIZENS BANK & TRUST COMPANY; KEYCORP; KEYBANK NATIONAL ASSOCIATION; LASALLE BANK CORPORATION; LASALLE BANK NA; M&T BANK CORPORATION; M&T BANK; THE PNC FINANCIAL SERVICES GROUP, INC.; PNC BANK,NATIONAL ASSOCIATION UBS AMERICAS, INC.; SMALL VALUE PAYMENTS COMPANY, LLC; THE CLEARING HOUSE PAYMENTS COMPANY, LLC; MAGTEK, INC; FIRST DATA CORPORATION; TELECHECK SERVICES, INC., REMITCO, LLC and ELECTRONIC DATA SYSTEMS CORP.

DEFENDANTS

JURY TRIAL DEMANDED

PLAINTIFF DATATREASURY CORPORATION'S RESPONSE TO DEFENDANTS' VARIOUS MOTIONS TO DISMISS, OR IN THE ALTERNATIVE FOR MORE DEFINITE STATEMENT

Comes now Plaintiff DataTreasury Corporation ("DataTreasury") and files its Response to Defendants Bank of America Corporation; Bank of America, N.A.; Bank of New York Co., Inc.; Bank of Tokyo-Mitsubishi UFJ, Ltd.; BB&T Corporation; Branch Banking and Trust Company; Citizens Financial Group, Inc.; Comerica Bank & Trust, N.A.; Comerica Incorporated; Cullen/Frost Bankers, Inc.; Deutsche Bank Trust Company Americas; First Data Corporation; LaSalle Bank Corporation; LaSalle Bank, N.A.; M&T Bank Corporation; M&T Bank; Remitco, LLC; TeleCheck Services, Inc.; The Bank of New York; The Frost National Bank; UBS Americas, Inc.; Union Bank of California, N.A.; Wachovia Bank, N.A.; Wachovia Corporation; Wells Fargo & Company; Wells Fargo Bank, N.A. Joint Motion to Dismiss, or in the Alternative, for More Definite *Statement*. Also, through this response, DataTreasury responds to the various other Defendants' Motions to Dismiss and Motions for More Definite Statement filed by U.S. Bankcorp; U.S. Bank, National Association; National City Corporation; National City Bank; Zions Bancorporation; Zions First National Bank; SunTrust Banks, Inc.; SunTrust Bank; Bancorpsouth, Inc.; Bancorpsouth Bank; Compass Bancshares, Inc.; Compass Bank; First Horizon National Corporation; First Tennessee Bank, N.A.; HSBC North America Holdings, Inc.; HSBC Bank USA, N.A.; Harris Bancorp, Inc.; Harris N.A.; First Citizens Bancshares, Inc.; First Citizens Bank & Trust Company; KeyCorp; Keybank National Association; The PNC Financial Services Group, Inc.; PNC Bank, N.A.; Small Value Payments Company, LLC; The Clearing House Payments Co., LLC; and Electronic Data Systems Corp (all of the aforementioned entities are subsequently collectively referred to as "Defendants" unless noted otherwise).[1] In response to the various motions filed by Defendants, DataTreasury would respectfully show the Court as follows:

I. BACKGROUND

On February 26, 2006, DataTreasury filed its Complaint for patent infringement against the above named entities. The Complaint sets forth DataTreasury's claims of patent infringement among the various Defendants regarding United States Patent Nos.

[1] This motion also serves as a response to City National Corporation, Inc. and City National Bank who are defendants in the related cause between DataTreasury Corporation and City National Corporation, Inc. and City National Bank, Cause No. 2:06CV-165.

5,910,988 ("the '988 patent"); 6,032,137 ("the '137 patent"); 5,265,007 ("the '007 patent"); 5,583,759 ("the '759 patent"); 5,717,868 ("the '868 patent"); and 5,930,778 ("the '778 patent"). DataTreasury amended this complaint on March 28, 2006 to add Electronic Data Systems Corp. as a defendant. In response to DataTreasury's Amended Complaint, on June 1, 2006 Defendants, in an apparent unified fashion, responded with motions to dismiss and in the alternative motions for more definite statement.[2] Defendants' respective motions ignore the Federal Rules of Civil Procedure requirements of "notice pleading," the proper use of 12(e) motions for more definite statement, and even this Court's Local Patent Rules. The filing of the instant motions by Defendants simply serves as a dilatory tactic by the Defendants to avoid engaging in meaningful actions that will move this litigation forward.

[2] Specifically, the following defendants filed the following motions:

Bank of America Corporation; Bank of America, N.A.; Bank of New York Co., Inc.; Bank of Tokyo-Mitsubishi UFJ, Ltd.; BB&T Corporation; Branch Banking and Trust Company; *Citizens Financial Group, Inc.; Comerica Bank & Trust,* N.A.; Comerica Incorporated; Cullen/Frost Bankers, Inc.; Deutsche Bank Trust Company Americas; First Data Corporation; LaSalle Bank Corporation; LaSalle Bank, N.A.; M&T Bank Corporation; M&T Bank; Remitco, LLC; TeleCheck Services, Inc.; The Bank of New York; The Frost National Bank; UBS Americas, Inc.; Union Bank of California, N.A.; Wachovia Bank, N.A.; Wachovia Corporation; Wells Fargo & Company filed their Joint Motion of Defendants to Dismiss, or in the Alternative, for More Definite Statement.

U.S. Bankcorp; U.S. Bank, National Association; National City Corporation; National City Bank; Zions Bancorporation; Zions First National Bank; SunTrust Banks, Inc.; SunTrust Bank; Bancorpsouth, Inc.; Bancorpsouth Bank; Compass Bancshares, Inc.; Compass Bank; First Horizon National Corporation; First Tennessee Bank, N.A.; HSBC North America Holdings, Inc.; HSBC Bank USA, N.A.; Harris Bancorp, Inc.; Harris N.A.; First Citizens Bancshares, Inc.; First Citizens Bank & Trust Company; KeyCorp; Keybank National Association; The PNC Financial Services Group, Inc.; PNC Bank, N.A.; Small Value Payments Company, LLC; The Clearing House Payments Co., LLC; and Electronic Data Systems Corp all filed motions to dismiss or in the alternative for more definite statement separate from the other aforementioned Defendants' Joint Motion. City National Corporation, Inc. and City National Bank filed a similar motion in Cause No. 2:06CV-165. All of these Defendants expressly incorporated the arguments of the prior Defendants' Joint Motion into their separate motions.

II. ARGUMENT

A. DataTreasury's Amended Complaint States a Claim Upon Which Relief Can Be Granted and Defendants' Motion to Dismiss Should Be Denied

As more fully set forth below, DataTreasury has fulfilled its obligations under the Federal Rules of Civil Procedure's notice pleading requirement. Therefore, DataTreasury has fulfilled its obligations at this early stage of the litigation to put the Defendants on *notice* as to the nature of the cause of action and the claims against them. In light of this, Defendants' various motions to dismiss and motions for more definite statement should be denied.

1. The 12(b)(6) Standard

When considering a motion to dismiss under Federal Rule of Civil Procedure 12(b)(6), the court must take as true all of the well-pleaded factual allegations contained in the complaint. "All questions of fact and any ambiguities in the current controlling substantive law must be resolved in the plaintiffs favor." *Lewis v. Fresne*, 252 F.3d 352, 357 (5th Cir. 2001). "Given the Federal Rules' simplified standard for pleading, [a] court may dismiss a complaint *only if* it is clear that *no relief could be granted under any set of facts* that could be proved *consistent with the allegations*." *Swierkiewicz v. Sorema, N.A.*, 534 U.S. 506, 514 (2002) (quotation omitted) (emphasis added). Moreover, motions to dismiss for failure to state a claim are historically viewed with disfavor and are rarely granted. *See S. Christian Leadership Conference v. Supreme Court*, 252 F.3d 781, 786 (5th Cir. 2001). "The indulgent standard evident in these precedents is codified in Rule 8, which requires no more than a short and plain statement of [a] claim showing that the pleader is entitled to relief." *Eternity Global Master Fund, Ltd. v. Morgan Guar. Trust Co.*, 375 F.3d 168, 177 (2nd Cir. 2004) (internal citations omitted). Defendants have wholly failed to show that no relief could be granted under any set of facts that may be proven consistent with the allegations contained in the complaint.

2. DataTreasury's Complaint Provides Defendants With Fair Notice of the Claims Against Them

Plaintiff's Complaint is more than sufficient to properly put Defendants on notice as to the claims against them, particularly in light of the Federal Rules of Civil Procedure "notice pleading" requirements. As Defendants concede in their Motion, the Federal Rules of Civil Procedure simply require a "short and plain statement of the claim showing that the pleader is entitled to relief." FED. R. CIV. P. 8(a). The Federal Rules of Civil Procedure further provide that pleadings are "to be concise and direct." FED. R. CIV. P. 8(e). The United States Supreme Court has noted as much, as well, in *Conley v. Gibson* stating:

> "The Federal Rules of Civil Procedure do not require a claimant to set out in detail the facts upon which he bases his claim. To the contrary, all the Rules require is "a short and plain statement of the claim" that will give the defendant fair notice of what the plaintiff's claim is and the grounds upon which it rests. The illustrative forms appended to the Rules plainly demonstrate this. Such simplified "notice pleading" is made possible by the liberal opportunity for discovery and the other pretrial procedures established by the Rules to disclose more precisely the basis of both claim and defense and to define more narrowly the disputed facts and issues. . . . The Federal Rules reject the approach that pleading is a game of skill in which one misstep by counsel may be decisive to the outcome and accept the principle that the purpose of pleading is to facilitate a proper decision on the merits."

355 U.S. 41, 47 (1957).

Significantly, Defendants are unable to direct DataTreasury or this Court to any controlling authority that imposes a heightened pleading requirement for plaintiffs in patent cases beyond that required by the Federal Rules of Civil Procedure. In fact, patent infringement cases are governed by the same liberal, notice pleading standard. *See Phonometrics, Inc. v. Hospitality Franchise Sys. Inc.*, 203 F.3d 790, 794 (Fed. Cir. 2000). The Federal Circuit Court has made it clear through its opinion in *Phonometrics*[3] that plaintiff's complaint must simply: (1) allege ownership of the asserted patent, (2) name each individual defendant, (3) cite the patent that is allegedly infringed, (4) describe the means by which the defendants allegedly infringe, and (5) point to the sections of the patent law invoked. *Id.* at 794. In this case, DataTreasury's Amended Complaint meets the requirements set forth in *Phonometrics.* Specifically, DataTreasury has alleged ownership of the patents at issue,[4] named each individual defendant,[5] cited the patents that are infringed,[6] described the means by which the Defendants infringe,[7] and pointed to the patent laws that are invoked.[8]

Despite the more recent holding in *Phonometrics* from the Federal Circuit and the numerous subsequent cases following that court's decision, Defendants choose to rely almost exclusively on and direct this court to the older and non-binding decision from *Gen-Probe, Inc. v. Amoco Corp., Inc.*, 926 F. Supp. 948 (S.D. Cal. 1996). According to

[3] In *Phonometrics*, the plaintiff appealed the dismissal of its patent infringement claims from the United States District Court for the Southern District of Florida under Federal Rule of Civil Procedure 12(b)(6). The Federal Circuit Court reversed the dismissal because the complaint was sufficient to allow the defendants to answer.

[4] *See* FIRST AMENDED COMPLAINT FOR PATENT INFRINGEMENT, ¶¶ 66-71.

[5] *See* Id. ¶¶ 2-58, 73, 77, 81, 84, 87, and 90.

[6] *See* Id. ¶¶ 73, 77, 81, 84, 87, and 90.

[7] *See* Id. ¶¶ 73-75, 77-79, 81-83, 84-86, 87-89, and 90-92.

[8] *See* Id. ¶¶ 59 and 72.

Defendants' interpretation of *Gen-Probe*, DataTreasury should be required to separately plead each claim of infringement (*i.e.* directly, contributorily, or through inducement) in separate counts and specifically identify the products accused of infringement. Contradicting the Defendants' interpretation of *Gen-Probe*, a Northern District of California district court has stated that *Gen-Probe* does not establish "a general rule that plaintiffs are required to plead each claim in their complaints in a separate count. Rather, in [the Gen-Probe] case the court was addressing particular organizational deficiencies of the respective pleadings." *OKI Elec. Indus. Co., Ltd. v. LG Semicon Co., Ltd.*, 1998 U.S. Dist. LEXIS 22507, at *8 (N.D. Cal. Feb. 25, 1998) (attached as Ex. A).

Again, even since these two cases were decided, the Federal Circuit has spoken to the issue as to what constitutes a sufficient pleading in a patent infringement case when considering a 12(b)(6) motion in *Phonometrics*. To interpret the *Gen-Probe* decision as the Defendants suggest would essentially place a heightened pleading burden on plaintiffs in patent cases despite the Federal Circuit's opinion that patent cases are governed by the same liberal notice pleading requirements as other cases.[9]

3. DataTreasury's Complaint Conforms to the Requirements of Form 16 of the Federal Rules of Civil Procedure

"The forms contained in the Appendix of Forms are sufficient under the rules and are intended to indicate the simplicity and brevity of statement which the rules contemplate." FED. R. CIV. P. 84. Form 16 of the Federal Rules of Civil Procedure is a sample complaint for infringement of a patent which under the rules is sufficient. FED. R. CIV. P. APPENDIX OF FORMS, Form 16. Form 16 adequately states a claim for patent

[9] *See also infra* Sec. II.A.3.a-b.

infringement in four short and simple paragraphs. Specifically, the four paragraphs allege: (1) jurisdiction; (2) the inventor and owner of the patents at issue; (3) means by which defendants infringe the patents; and (4) that proper statutory notice has been given.[10] These four paragraphs "are sufficient under the [Federal] rules and are intended to indicate the simplicity and brevity of statement which the rules contemplate." FED. R. CIV. P. 84.

In its Amended Complaint, DataTreasury *has sufficiently met all of* the requirements under Form 16. Specifically in relation to Form 16, DataTreasury has set forth its jurisdiction and venue allegations,[11] identified the inventor and owner of the patents in issue,[12] and identified the means by which the defendants infringe the patents in issue.[13] Clearly, Plaintiff's Complaint conforms to Form 16 of the Federal Rules of Civil Procedure, and is therefore sufficient to provide Defendants with the proper notice and withstand Defendants' motion to dismiss.

a. DataTreasury Need not set Forth in Separate Counts Claims of Infringement That Occur Directly, Contributorily, or Through Inducement

Defendants also place exclusive reliance on *Gen-Probe* in support of their position that DataTreasury's complaint should be dismissed because it did not set forth in separate paragraphs its claims that Defendants infringe directly, contributorily, or through inducement. However, such a separation of claims is not required under Rule 8. *See, e.g., Jackson v. Ill. Bell Tel. Co.*, 2002 U.S. Dist. LEXIS 13186, at *8-9 (N.D. Ill. July 3,

[10] This fourth requirement is not relevant in this case.
[11] *See* FIRST AMENDED COMPLAINT FOR PATENT INFRINGEMENT, ¶¶ 59-65.
[12] *See* Id. ¶¶ 66-71.
[13] *See* Id. ¶¶ 73-75, 77-79, 81-83, 84-86, 87-89, and 90-92.

2002) (denying defendant's motion to dismiss because plaintiff's complaint contained the minimum amount of specificity required by the notice pleading requirements and further recognizing that plaintiff properly identified the means by which Defendants allegedly infringe by pleading that "each of the defendants has infringed the patent in suit either *directly or through acts of contributory infringement or inducement*.") (emphasis added) (internal citations omitted) (attached as Ex. B); *One World Techs., Ltd. v. Robert Bosch Tool Corp.*, 2004 U.S. Dist. LEXIS 14035, at *6 (N.D. Ill. July 20, 2004) (denying defendants' motion to dismiss where plaintiff met the requirements set forth in *Phonometrics*, and further acknowledging plaintiff properly described the means by which defendants allegedly infringed by stating, "Defendants have infringed and are now *directly infringing, inducing infringement by others, and/or contributorily infringing* one or more claims of the '976 patent within this District or elsewhere within the United States by making, using, selling, and/or offering to sell products falling within the scope of such claims, all without authority or license from Plaintiffs.") (emphasis added) (attached as Ex. C). In both of these cases, the plaintiff's choice to accuse defendants of infringement directly, contributorily, or through inducement did not warrant dismissal under Rule 12(b)(6). Notably, both of these cases rely on the more recent holding of the Federal Circuit in *Phonometrics*, as opposed to the non-binding and older decision in *Gen-Probe* in which Defendants place all of their reliance in support of the heightened pleading requirement they now advocate.

The infringement allegations made by DataTreasury in this matter are very similar to those made in *Phonometrics, One World, and Jackson* where the courts denied the various defendants' motions to dismiss. In light of these well reasoned decisions that properly apply the liberal notice pleading requirements of the Federal Rules of Civil Procedure, the Defendants' Motion to Dismiss should be denied.

b. DataTreasury Need not Identify Specific Products of the Defendants in its Complaint

Defendants further advocate a heightened pleading standard by asking the Court to require DataTreasury to specifically name specific products of the Defendants that allegedly infringe. Again, however, this is not a condition that DataTreasury is required to fulfill in its Complaint. Defendants assert that DataTreasury's "identification of 'products and/or services' is so vague that it constitutes no notice at all...." JOINT MOTION OF DEFENDANTS TO DISMISS, OR IN THE ALTERNATIVE, FOR MORE DEFINITE STATEMENT, p. 8. DataTreasury's assertions are sufficient to provide fair notice to Defendants. *See, e.g., digiGAN, Inc. v. iValidate, Inc.*, 2004 U.S. Dist. LEXIS 1324, at *11-12 (S.D.N.Y. Feb. 3, 2004) (denying motion to dismiss where the plaintiff's amended complaint alleged "that Defendants ha[d] violated 35 U.S.C. § 271(a) by '*making, using, offering to sell, and/or selling the invention claimed*' in two patents.") (emphasis added) (attached as Ex. D); *One World*, 2004 U.S. Dist. LEXIS 14035, at *6 (Denying defendant's motion to dismiss where plaintiff simply alleged that "Defendants have infringed and are now directly infringing, inducing infringement by others, and/or contributorily infringing one or more claims of the '976 patent within this District or elsewhere within the United States *by making, using, selling, and/or offering to sell products falling within the scope of such claims*, all without authority or license from Plaintiffs.") (emphasis added). Once again, these two cases follow the Federal Circuit's holding in *Phonometrics* requiring only that the patentee plead facts sufficient to place the alleged infringer on notice. *See Phonometrics*, 203 F.3d. at 794. The two courts found the patentees' pleadings to be sufficient in light of the requirements of *Phonometrics* despite the fact that the patentees did not specifically identify an accused product in their complaints.

Further support for the position that DataTreasury's Amended Complaint should not be dismissed under Rule 12(b)(6) can be found in *OKI Elec. Indus. Co., Ltd. v LG Simicon Co., Ltd.*, 1998 U.S. Dist. LEXIS 22507 (N.D. Cal. Feb. 25, 1998). In that case, one example of an allegation that defendant contended was defective and therefore should be dismissed was: "Defendant LG America has infringed and is infringing the *'059* patent in violation of *35 U.S.C. § 271,* by making, importing, offering for sale, selling, and/or using devices that embody the patented methods, including 4 megabit and higher density DRAMs." *Id.* at *8-9. Admittedly, the plaintiff in *OKI* further clarified its allegation by adding the phrase, "including 4 megabit and higher density DRAMs," however, the court found that the allegation was sufficient to meet the requirements of Form 16 without the additional limitation. Specifically, when comparing the plaintiff's complaint to that found in Form 16, the court noted:

> The phrase "devices that embody the patented methods" from OKI's allegation is substantially similar to the phrase "electric motors embodying the patented invention" found in Form 16. The similarity between the two allegations makes it clear that OKI's FAC is sufficient under the Rules. Indeed, OKI's FAC exemplifies the simplicity and brevity of statement that the Rules contemplate.

Id. at *10 (internal citations omitted). Just as the phrase used by the plaintiff in *OKI* was substantially similar to the specified phrase in Form 16, the language used by

DataTreasury in its allegations is also similar to that found in Form 16. As such, Defendants' 12(b)(6) motion must again fail because DataTreasury has provided Defendants with proper notice that would allow them to frame a responsive pleading.

B. A Responsive Pleading Can be Made by Defendants

Interestingly, MagTek, Inc. ("MagTek"), another entity named as a defendant in the instant lawsuit, has managed to interpret and understand DataTreasury's Amended Complaint such that it was able file an answer thereto despite the other Defendants' assertions that "DTC's Amended Complaint is so vague and ambiguous that these Defendants cannot frame a proper responsive pleading…." JOINT MOTION OF DEFENDANTS TO DISMISS, OR IN THE ALTERNATIVE, FOR MORE DEFINITE STATEMENT, p. 10. The fact that Magtek found DTC's Amended Complaint sufficient to allow it to file a responsive pleading raises the question of why the other Defendants could not do the same. MagTek's choice to answer DTC's Amended Complaint, as opposed to filing a dilatory pleading as the other Defendants have done, speaks volumes as to the sufficiency of DataTreasury's Amended Complaint. In light of this, Defendants' claims that a responsive pleading cannot be made rings hollow.

C. DEFENDANTS' ALTERNATIVE MOTION FOR MORE DEFINITE STATEMENT SHOULD BE DENIED[14]

A motion for more definite statement is proper when a pleading is "so vague or ambiguous that a party cannot reasonably be required to frame a responsive pleading..." FED. R. CIV. P. 12(e). Rule 12(e) is not designed, however, to make it easier for the moving party to prepare its case. *Symbol Techs., Inc. v. Hand Held Prods.*, 2003 U.S.

[14] DataTreasury also incorporates by reference Sec.II.A-B., *supra.*

Dist. LEXIS 21002, at *9 (D. Del. Nov. 3, 2003) (attached as Ex. E), *citing* FED. R. CIV. P. 12 advisory committee's note. Motions for more definite statement are historically disfavored by the courts, and particularly so in the Eastern District of Texas. *See* Fed. R. Civ. P. 8(f) (stating, "All pleadings shall be so construed as to do substantial justice."); *see also U.S. v. Uvalde Consol. Indep. Sch. Dist.*, 625 F.2d 547, 549 (5th Cir. 1980) (stating that initial pleadings are required only to give notice of claims and should be construed liberally); *J&J Manuf. Inc. v. Logan*, 24 F.Supp.2d 692, 703 (E.D. Tex. 1998) (stating, "pursuant to Federal Rule of Civil Procedure 8(a), the Plaintiff's complaint need only contain a 'short and plain statement of the claim showing the pleader is entitled to relief.' Thus, a motion for more definite statement is generally disfavored by the courts."). The simplicity and brevity of notice pleading that is contemplated by the Federal Rules of Civil Procedure are typified in DataTreasury's Amended Complaint, and no more specificity is required in a patent case at the pleading stage. *See OKI*, 1998 U.S. Dist. LEXIS 22507, at *12. DataTreasury has fulfilled its pleading requirements.

D. A MOTION TO DISMISS OR FOR MORE DEFINITE STATEMENT SHOULD NOT SERVE AS A SUBSTITUTE FOR DISCOVERY PROCEDURES

"[S]implified 'notice pleading' is made possible by the liberal opportunity for discovery and the other pretrial procedures established by the Rules to disclose more precisely the basis of both claim and defense and to define more narrowly the disputed facts and issues." *Mitchell v. E-Z Way Towers, Inc.*, 269 F.2d 126, 130 (5th Cir. 1959) *citing Conley v. Gibson,* 355 U.S. 40, 41 (1957). The modern view of pleadings, as evidenced by the Federal Rules of Civil Procedure, is that the pleadings should simply generally indicate the type of litigation involved. *Charles E. Beard, Inc. v. Cameronics*

Tech. Corp., 120 F.R.D. 40, 41-42 (E.D. Tex. April 30, 1988). A motion to dismiss or for more definite statement should not be used to gather facts for trial or as a discovery tool, as specific methods allowed under the Federal Rules of Civil Procedure exist for this purpose. *Mitchell*, 269 F.2d at 132; *see also Cameronics*, 120 F.R.D. at 42 (stating "[t]hrough its notice-pleading standard and liberal discovery rules, the federal rules have shifted the primary issue-framing function away from the pleadings to the discovery process, which culminates in a final pretrial order."). Particularly in complex litigation such as patent cases, parties refine and focus their claims through the discovery process. *Symbol Techs.,* 2003 U.S. Dist. LEXIS 21002, at *8.

The notice pleading requirements of the federal rules to not require that the Plaintiff set out the details of the facts on which he bases his claim, but rather "such detail is properly left to the many devices of discovery, such as interrogatories, requests for admissions, depositions." *Cameronics*, 120 F.R.D. at 42. According to the Eastern District of Texas, a motion for more definite statement should not be used as a discovery tool or as a fishing expedition:

> The practice is not authorized by the language of the rule and experience has shown that the granting of Rule 12(e) motions often leads to delay, harassment, and proliferation of the pleading stage without any commensurate gain in issue definition or savings in time . . . . In the absence of some restraint, the motion will undoubtedly be used as a vehicle for fishing expeditions at the pleadings stage.

Thurmond v. Compaq Computer Corp., 2000 U.S. Dist. LEXIS 22718, at *8-9 (E.D. Tex. Feb. 28, 2000) (attached as Ex. F), *citing* WRIGHT & MILLER, 5A FEDERAL PRACTICE & PROCEDURE 2d § 1356.

Just as in *Cameronics*, the Defendants here "ha[ve] lost sight of the modern function of the pleadings[,]" and attempt to use this procedural device as both a dilatory tactic and an attempt to engage in premature discovery. *See Cameronics*, 120 F.R.D. at 42. In this case, as previously recognized by the Eastern District of Texas, the specific information sought is more appropriately sought through specific discovery procedures allowed under the Federal Rules of Civil Procedure and this Court's Local Patent Rules.

Specific information sought by Defendants will be disclosed and made known through Plaintiff's preliminary infringement contentions as required under the Local Patent Rules of this Court. Local Patent Rule 3-1 provides that "[n]ot later than 10 days after the Initial Case Management Conference, a party claiming patent infringement must serve on all parties a 'Disclosure of Asserted Claims and Preliminary Infringement Contentions'" setting forth "each claim of each patent in suit that is infringed" along with as specific identification as possible of "each accused apparatus, product, device, process, method, act, or other instrumentality," in addition to multiple other requirements. This Local Patent Rule clearly recognizes that notice pleading does not require the specificity and heightened requirements that Defendants advocate, and further acknowledges that other forms of disclosures are the proper context in which to obtain such information. *See OKI, 1998 U.S. Dist. LEXIS 22507*, at *10-11 (stating "[Civil Local Rule 16-7(b)] recognizes that notice pleading does not require such specificity and that discovery disclosures are the proper context for such detailed information [relating to the specific infringing products]."). Defendants' attempt to gather this detailed information now through a motion for more definite statement is not only contrary to this Court's precedent and the Federal Rules of Civil Procedure, but is also a blatant attempt to change the timetable set forth in Local Patent Rule 3-1 for Plaintiffs to provide specific information regarding the Defendants' infringement of the patents-in-suit.

III. CONCLUSION

Defendants' actions serve as a dilatory stalling tactic utilized to postpone answering DataTreasury's Amended Complaint, and is causing all parties to this action and the Court needless delay. DataTreasury's Amended Complaint fully complies with the requirements set forth in Federal Rule of Civil Procedure Form 16, the requirements established by the Federal Circuit in *Phonometrics*, and the Federal Rules of Civil Procedure's notice pleading requirement. Accordingly, Defendants' Motion to Dismiss and Motion for More Definite Statement should be denied in its entirety.

Respectfully submitted,

/s/ R. BENJAMIN KING

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a) and served via the Court's electronic filing system on all counsel who have consented to electronic service on this the 14th day of June, 2006.

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EXHIBIT "A"

LEXSEE 1998 US DIST LEXIS 22507

OKI ELECTRIC INDUSTRY CO., LTD., Plaintiff, v. LG SEMICON CO., LTD. and LG SEMICON AMERICA, INC., Defendants.

CIVIL NO. 97-20310 SW

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

1998 U.S. Dist. LEXIS 22507

February 25, 1998, Decided
February 25, 1998, Filed; March 6, 1998, Entered in Civil Docket

DISPOSITION: **[*1]** Defendants' motion to dismiss Plaintiff's First Amended Complaint or in alternative, motion for more definite statement (docket number 48) DENIED.

COUNSEL: For OKI ELECTRIC INDUSTRY CO., LTD., Plaintiff: Matthew T. Powers, Matthew D. Powers, Jared Bobrow, Elizabeth H. Rader, Emily S. Lau, Janice V. Mock, Weil Gotshal & Manges LLP, Menlo Park, CA.

For LG SEMICON CO., LTD., LG SEMICON AMERICA, defendants: Daniel J. Bergeson, Richard J. Gray, Bergeson Eliopoulos & Grady LLP, San Jose, CA.

For LG SEMICON CO., LTD., defendant: William E. Wallace, III, Mariam J. Naini, Morgan Lewis & Bockius LLP, Washington, DC.

For LG SEMICON AMERICA, defendant: Mariam J. Naini, Morgan Lewis & Bockius LLP, Washington, DC.

For LG SEMICON AMERICA, Counter-claimant: Daniel J. Bergeson, Richard J. Gray, Bergeson Eliopoulos & Grady LLP, San Jose, CA.

For LG SEMICON AMERICA, Counter-claimant: Mariam J. Naini, Morgan Lewis & Bockius LLP, Washington, DC.

For LG SEMICON CO., LTD., Counter-claimant: William E. Wallace, III, Mariam J. Naini, Morgan Lewis & Bockius LLP, Washington, DC.

For LG SEMICON AMERICA, Counter-claimant: Anthony C. Roth, Morgan Lewis & Bockius, Washington, DC.

For **[*2]** OKI ELECTRIC INDUSTRY CO., LTD., Counter-defendant: Matthew T. Powers, Matthew D. Powers, Jared Bobrow, Elizabeth H. Rader, Weil Gotshal & Manges LLP, Menlo Park, CA.

For OKI AMERICA, INC., Counter-defendant: David C. Radulescu, Weil Gotshal & Manges LLP, Menlo Park, CA.

JUDGES: SPENCER WILLIAMS, United States District Judge.

OPINIONBY: SPENCER WILLIAMS

OPINION:

ORDER DENYING DEFENDANTS' MOTION TO DISMISS PLAINTIFF'S FIRST AMENDED COMPLAINT OR, IN THE ALTERNATIVE, MOTION FOR A MORE DEFINITE STATEMENT

Plaintiff OKI Electric Industry Co., Ltd. ("OKI") initiated this action against Defendants LG Semicon Co., Ltd. ("LG Semicon") and LG Semicon America, Inc. ("LG Semicon America") on April 2, 1997, alleging direct, contributory, and inducement infringement of five patents. In response to OKI's complaint, LG Semicon and LG Semicon America brought a motion to dismiss or, in the alternative, a motion for a more definite statement. In lieu of opposing that motion, OKI filed and served a First Amended Complaint on July 30, 1997, which alleged direct and inducement infringement of the same five patents as the original complaint. LG Semicon and LG Semicon America now bring this motion to dismiss Plaintiff's **[*3]** First Amended Complaint for failure to state a claim upon which relief can be granted pursuant to *Federal Rule of Civil Procedure 12(b)(6)*, or in the alternative, a motion for a more definite statement pursuant to *Federal Rule of Civil Procedure 12(e)*. For the reasons set forth below, the Court hereby DENIES Defendants' motion.

BACKGROUND

OKI, a Japanese corporation, owns all rights, interests, and legal title to five U.S. patents: No. *4,603,059* ("the *'059* patent"), No. *4,777,732* ("the *'732* patent"), No. *4,962,413* ("the *'413* patent"), No. *5,075,745* ("the *'745* patent"), and No. *5,280,453* ("the *'453* patent"). LG Semicon is a Korean corporation and LG Semicon America is a California corporation.

OKI's First Amended Complaint ("FAC") states five claims, each corresponding to one of the patents in suit. Within each claim, OKI uses separate paragraphs for allegations concerning each Defendant. It also uses separate paragraphs to allege direct infringement and inducement infringement. That is, a separate paragraph alleges each of the following: direct infringement against LG Semicon, inducement infringement against LG Semicon, direct infringement against LG Semicon America, and inducement **[*4]** infringement against LG Semicon America.

LEGAL STANDARD

A. Motion to Dismiss under Rule 12(b)(6)

A complaint should only be dismissed under *Rule 12(b)(6) of the Federal Rules of Civil Procedure* where it appears beyond doubt that no set of facts could support plaintiff's claim for relief. *Conley v. Gibson, 355 U.S. 41, 47, 2 L. Ed. 2d 80, 78 S. Ct. 99,* (1957); *Durning v. First Boston Corp., 815 F.2d 1265, 1267 (9th Cir. 1987),* cert. denied, *484 U.S. 944,* (1987). A complaint may be dismissed as a matter of law for two reasons: (1) lack of a cognizable legal theory, or (2) insufficient facts under a cognizable theory. *Robertson v. Dean Witter Reynolds, Inc., 749 F.2d 530, 533-34 (9th Cir. 1984).*

In reviewing a motion under Rule 12(b)(6), all allegations of material fact are taken as true and must be construed in the light most favorable to the non-moving party. *Durning, 815 F.2d at 1267.* As the moving parties, LG Semicon and LG Semicon America bear the burden of showing that there is no set of facts under which plaintiffs could be entitled to relief on the allegations of their complaint. **[*5]** *Conley, 355 U.S. at 47.*

A complaint must contain "a short and plain statement of the claim showing that the pleader is entitled to relief." *Fed. R. Civ. P. 8(a).* In addition, "each claim founded upon a separate transaction or occurrence and each defense other than denials shall be stated in a separate count or defense whenever a separation facilitates the clear presentation of the matters set forth." *Fed. R. Civ. P. 10(b).*

B. Motion for a More Definite Statement under Rule 12(e)

Federal Rule of Civil Procedure 12(e) provides that:

> If a pleading to which a responsive pleading is permitted is so vague or ambiguous that a party cannot reasonably be required to frame a responsive pleading, the party may move for a more definite statement before interposing a responsive pleading. The motion shall point out the defects complained of and the details desired. If the motion is granted and the order of the court is not observed within 10 days after notice of the order or within such other time as the court may fix, the court may strike the pleading to which the motion was directed or make such order as it deems just.

DISCUSSION

LG Semicon and **[*6]** LG Semicon America move the Court to dismiss OKI's FAC by arguing that it: (1) fails to set forth in separate counts OKI's direct and inducement infringement claims against each Defendant; (2) it fails to specify particular facts to support its infringement claims and instead refers vaguely and generically to nearly all of Defendants' product line; and (3) it fails to allege that any of the infringing devices are sold in or imported into the United States. Defendants move the Court, in the alternative, for a more definite statement.

A. Motion to Dismiss Pursuant to Rule 12(b)(6)

1. OKI's FAC Need Not Set Forth in Separate Counts OKI's Direct Infringement and Inducement Infringement Claims Against Each Defendant

Defendants first argue that because OKI's FAC does not set forth separate causes of action in separate counts, it fails to meet the pleading standards required by this and other courts. In support of their argument, Defendants rely principally on *Gen-Probe Inc. v. Amoco Corp., 926 F. Supp. 948 (S.D.Cal. 1988).* The district court there held that the complaint set forth its claims "in a confusingly conclusory manner, accusing each of five defendants **[*7]** of three very different causes of action on two different patents, all in one conclusory sentence, without adequately specifying the grounds for plaintiff's belief that any of these entities have infringed." *Id. at 960.* To remedy this lack of organization, the court dismissed most of the plaintiff's claims with leave to amend, and required plaintiff to limit each count of the amended complaint to one cause of action. *Id. at 962.*

Defendants also look to this Court's opinion in *Schlafly v. Public Key Partners, 1994 WL 669858* (N.D.Cal. Nov. 22, 1994) for support of their argument that each count of a complaint must be limited to a single cause of action. In Schlafly, the Court held that the "disjointed and confusing" complaint was "a hodgepodge of allegations to which no defendant could reasonably frame a responsive pleading." Id. at *2. To remedy the confusion caused by that complaint, the Court granted the defendant's motion for a more definite statement and required the plaintiff to individually list each cause of action. Id. Notably, the Court did not require separate counts for each cause of action. Neither the Gen-Probe **[*8]** nor the Schlafly case establishes a general rule that plaintiffs are required to plead each claim in their complaints in a separate count. Rather, in each case the court was addressing particular organizational deficiencies of the respective pleadings.

In contrast to those cases, here OKI has organized its claims by patent, by type of infringement, and by defendant. While it is true that each count contains more than one claim, separate paragraphs make clear the different legal theories upon which OKI relies and the separate defendants against which those theories are asserted. The organization is "simple, concise, and direct." *Fed. R. Civ. P. 8(e).* Separate counts are only required "whenever a separation facilitates the clear presentation of the matters set forth." *Fed. R. Civ. P. 10(b).* Here, OKI's chosen organization is sufficiently clear to obviate the need to require organization of each claim into a separate count.

2. OKI's FAC Adequately Alleges Facts in Support of its Infringement Claims

Defendants next argue that OKI's FAC fails to meet the pleading standards by not providing adequate notice of particular facts in support of its claims. An example of the allegations **[*9]** that Defendants assert are defective is as follows: "Defendant LG America has infringed and is infringing the *'059* patent in violation of *35 U.S.C. § 271,* by making, importing, offering for sale, selling, and/or using devices that embody the patented methods, including 4 megabit and higher density DRAMs." Specifically, Defendants argue that this allegation refers vaguely and generically to nearly all of Defendants' product line. Therefore, they claim, they are unable to frame a responsive pleading.

Form 16 of the Appendix of Forms to the Federal Rules of Civil Procedure sets forth an illustrative complaint for infringement of a patent. See Introductory Statement to Appendix of Forms. Form 16 states a claim for patent infringement in four paragraphs, followed by a demand for relief. The first paragraph alleges jurisdiction. The second paragraph alleges ownership of the patent at issue. The third paragraph alleges that the defendant has been and still is infringing the patent by "making, selling, and using electric motors embodying the patented invention." The fourth paragraph alleges notice of the patent on all products manufactured and sold by the patent **[*10]** owner under the patent and written notice to the defendant of the alleged infringement. These four paragraphs "are sufficient under the [Federal] rules and are intended to indicate the simplicity and brevity of statement which the rules contemplate." *Fed. R. Civ. P. 84.*

The phrase "devices that embody the patented methods" from OKI's allegation is substantially similar to the phrase "electric motors embodying the patented invention" found in Form 16. The similarity between the two allegations makes it clear that OKI's FAC is sufficient under the Rules. Indeed, OKI's FAC exemplifies the simplicity and brevity of statement that the Rules contemplate. See *Fed. R. Civ. P. 84.*

Further support for the Court's determination that OKI's FAC meets the pleading standards is found in the Northern District's Local Rules. Civil Local Rule 16-7 provides that 45 days after filing a pleading alleging patent infringement, the party alleging infringement must serve on all parties an "Initial Disclosure of Asserted Claims." This initial disclosure must contain each claim of each patent in suit that is allegedly infringed along with as specific an identification as possible of each accused apparatus, **[*11]** product, device, process, method, act or other instrumentality. Civil L. R. 16-7(b). This local rule recognizes that notice pleading does not require such specificity and that discovery disclosures are the proper context for such detailed information.

3. OKI's FAC Does Not Need to Explicitly Allege That Any Accused Devices Are Imported or Sold in the United States

Defendants further argue that OKI's FAC should be dismissed because it fails to allege that any of the accused devices are imported or sold in the United States. Defendants assert that as a result, OKI's FAC fails to plead an essential element of its infringement claims under *35 U.S.C. § § 271* (a) and (g).

In support of their argument, Defendants rely on *Pfizer Inc. v. Aceto Corp., 853 F. Supp. 104 (S.D.N.Y. 1994).* In that case it was "undisputed that [the defendant] does not itself import the [allegedly infringing product] into the United States." *Id. at 105.* The court there did not allow the plaintiff to extend the reach of § 271(g) to foreign manufacturers whose infringing acts do not occur within the United States. Id.

In contrast to that case, [*12] here OKI has alleged in its FAC that the Defendants "import[], offer[] for sale, and/or sell[] [allegedly infringing products] in the United States." Indeed, four paragraphs of the FAC specify that Defendants infringe OKI's patents in the United States. Therefore, the FAC sufficiently states a claim under § § 271(a) and (g).

Even if OKI's FAC did not allege that Defendants' products infringed in the United States, it would still be sufficient. No allegation that infringing devices were made, used, or sold in, or imported into the United States is contained in Form 16, and yet the Form is "sufficient under the rules." *Fed. R. Civ. P. 84*. Form 16 thus makes it clear that an explicit allegation of infringement in the United States is not necessary.

B. Motion for a More Definite Statement Pursuant to Rule 12(e)

Defendants argue that OKI should be required to amend its FAC to provide a more definite statement of its claims against Defendants. As explained above, the simplicity and brevity of notice pleading is typified in OKI's FAC, as contemplated by the Federal Rules of Civil Procedure. No more specificity is required in a patent case at the pleading stage.

In support [*13] of their motion for a more definite statement, Defendants have cited several cases involving the imposition of Rule 11 sanctions on plaintiffs who have failed to thoroughly investigate claims before bringing them in court. See, e.g., *Cooter & Gell v. Hartmarx Corp., 496 U.S. 384, 110 L. Ed. 2d 359, 110 S. Ct. 2447 (1990); Judin v. United States, 110 F.3d 780 (Fed. Cir. 1997); Refac International Ltd. v. Hitachi Ltd., 1991 U.S. Dist. LEXIS 15890, 19 U.S.P.Q.2D (BNA) 1855 (C.D.Cal. 1991)*. Such cases are inapposite to the present action in that they properly address the question of unwarranted and frivolous legal contentions in the context of a Rule 11 motion for sanctions. Defendants here have not brought a motion for sanctions and the Court does not find on its own initiative any conduct that appears to warrant an order to show cause why sanctions should not be imposed. See *Fed. R. Civ. P. 11(c)(1)(B)*. If the facts later show that OKI failed to investigate its claims before bringing its FAC, Defendants may bring a motion for Rule 11 sanctions.

CONCLUSION

For the reasons set forth above, Defendants' motion to dismiss Plaintiff's [*14] First Amended Complaint, or in the alternative, motion for a more definite statement (docket number 48) is DENIED.

IT IS SO ORDERED.

DATED: 2/25/98

SPENCER WILLIAMS

United States District Judge

EXHIBIT "B"

LEXSEE 2002 US DIST LEXIS 13186

PHILIP JACKSON, Plaintiff, v. ILLINOIS BELL TELEPHONE COMPANY d/b/a AMERITECH ILLINOIS, AMERITECH CORP., SBC COMMUNICATIONS, INC., VTECH TELECOMMUNICATIONS LIMITED, VTECH COMMUNICATIONS, INC., NORTEL NETWORKS, INC., and TDS METROCOM, INC., Defendants.

No. 01 C 8001

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

2002 U.S. Dist. LEXIS 13186

July 3, 2002, Decided
July 8, 2002, Docketed

SUBSEQUENT HISTORY: Summary judgment denied by *Jackson v. VTech Telcoms., Ltd., 2003 U.S. Dist. LEXIS 19107* (N.D. Ill., Oct. 23, 2003)

DISPOSITION: **[*1]** Defendants SBC and Ameritech's motion to dismiss pursuant to *Federal Rule of Civil Procedure 12(b)(6)* denied.

COUNSEL: For PHILIP JACKSON, plaintiff: Raymond P. Niro, Dean D. Niro, Robert P. Greenspoon, William W. Flachsbart, Paul Christopher Gibbons, Niro, Scavone, Haller & Niro, Ltd., Chicago, IL.

For ILLINOIS BELL TELEPHONE COMPANY, AMERITECH CORP, SBC COMMUNICATIONS, INC., defendants: Kenneth J. Jurek, Joseph Herman Paquin, Jr., Matthew Edward Leno, McDermott, Will & Emery, Chicago, IL.

For VTECH TELECOMMUNICATIONS LIMITED, VTECH COMMUNICATIONS, INC., defendants: Richard Eugene Dick, Herbert H. Finn, John S. Pacocha, Law Offices of Dick & Harris, Chicago, IL.

For VTECH TELECOMMUNICATIONS LIMITED, VTECH COMMUNICATIONS, INC., defendants: Brad Richard Bertoglio, Dick & Harris, Chicago, IL.

For NORTEL NETWORKS INC, defendant: Michael Louis Brody, Alexis MacDowall, Winston & Strawn, Chicago, IL.

For TDS METROCOM INC, defendant: David T. Pritikin, Thomas David Rein, Douglas I. Lewis, Steven Yovits, Sidley Austin Brown & Wood, Chicago, IL.

For TDS METROCOM INC, defendant: Gregory F Wesner, Thomas M Donahue, Jr, Philip P. Mann, Christensen, O'Connor, Johnson & Kindness, Seattle, **[*2]** WA.

For NORTEL NETWORKS INC, counter-claimant: Michael Louis Brody, Alexis MacDowall, Winston & Strawn, Chicago, IL.

For PHILIP JACKSON, counter-defendant: Raymond P. Niro, Dean D. Niro, Robert P. Greenspoon, William W. Flachsbart, Paul Christopher Gibbons, Niro, Scavone, Haller & Niro, Ltd., Chicago, IL.

JUDGES: *Ruben Castillo*, Judge, United States District Court.

OPINIONBY: Ruben Castillo

OPINION:

MEMORANDUM OPINION AND ORDER

Philip Jackson filed suit against Illinois Bell Telephone Company d/b/a Ameritech Illinois ("Illinois Bell"), Ameritech Corp. ("Ameritech"), SBC Communications, Inc. ("SBC"), VTech Telecommunications Limited ("VTech Telecommunications"), VTech Communications, Inc. ("VTech Communications"), Nortel Networks, Inc. ("Nortel"), Winstar Communications, Inc. ("Winstar") and TDS Metrocom, Inc. ("TDS Metrocom"), maintaining that Defendants infringed United

States Patent No. 4,596,900. Currently before the Court is SBC and Ameritech's motion to dismiss the complaint for failure to state a claim pursuant to *Federal Rule of Civil Procedure 12(b)(6)*. For the reasons that follow, SBC and Ameritech's motion to dismiss is denied. (R. 19-1.)

RELEVANT FACTS

On **[*3]** June 24th, 1986, the United States Patent and Trademark Office ("PTO") issued patent number 4,596,900 ("the '900 Patent"), titled "Phone-Line-Linked, Tone-Operated Control Device" to Jackson. (R. 1-1, Ex. A, U.S. Patent No. 4,596,900.) The patented device detects a predetermined sequence of signals sent over a telephone line and responds with a control signal. (*Id.*) The control signal can be used to remotely control another application. (*Id.*)

Once in 1994 and twice in 1995, the PTO received Reexamination Requests of the '900 Patent. (*Id.*, Ex. B., U.S. Patent No. 4,596,900.) The PTO issued two Reexamination Certificates, one in 1995 confirming the validity of the '900 Patent's seventeen original claims and another in 1997 adding ninety-nine additional patentable claims. (*Id.*, Compl. PP 13-14.) Currently, numerous companies hold licenses under the '900 Patent. (*Id.* at P 15.)

On October 17th, 2001, Jackson filed a complaint charging Illinois Bell, Ameritech, SBC, VTech Telecommunications, VTech Communications, Nortel, Winstar and TDS Metrocom with patent infringement "either directly or through acts of contributory infringement or inducement in violation of *35 U.S.C. § 271*. **[*4]** " (*Id.* at P 16.) Jackson noted in the complaint that SBC "sells answering machines" and that Ameritech "provides voice mail systems." (*Id.* at P 7.)

SBC moved to dismiss the complaint under *Federal Rule of Civil Procedure 12(b)(2)* and (3) on the grounds that this Court lacks jurisdiction over SBC and that venue is improper. (R. 19-1, Mot. to Dismiss.) SBC and Ameritech also moved to dismiss the complaint under *Federal Rule of Civil Procedure 12(b)(6)* on the ground that Jackson failed to state a claim upon which relief can be granted. (*Id.*) SBC later withdrew the portion of the motion to dismiss that asserted a lack of personal jurisdiction and improper venue. (R. 35-1, Notice of Withdrawal of Portion of Mot. to Dismiss.) Presently before this Court is SBC and Ameritech's motion to dismiss pursuant to Rule 12(b)(6). After careful review in accordance with the applicable standards, the motion to dismiss is hereby denied.

LEGAL STANDARDS

A motion to dismiss tests the sufficiency of the complaint, not the merits of the suit. *Autry v. Northwest Premium Servs., Inc., 144 F.3d 1037, 1039 (7th Cir. 1998)*. When considering a motion to dismiss, this Court **[*5]** views all facts alleged in the complaint, as well as any inferences reasonably drawn from those facts, in the light most favorable to the plaintiff. *Id.* We will grant a motion to dismiss only if it appears beyond doubt that the plaintiff can prove no set of facts entitling him to relief. *Venture Assocs. Corp. v. Zenith Data Sys. Corp., 987 F.2d 429, 432 (7th Cir. 1993)*. *See also Conley v. Gibson, 355 U.S. 41, 45-46, 2 L. Ed. 2d 80, 78 S. Ct. 99 (1957)*. To survive a motion to dismiss, "a pleading must only contain enough to allow the court and the defendant to understand the gravamen of the plaintiff's complaint." *McCormick v. City of Chi., 230 F.3d 319, 323-24 (7th Cir. 2000)* (quotations and citations omitted).

ANALYSIS

I. The Court Will Not Consider Matters Outside the Pleadings in a Motion to Dismiss

The Federal Rules of Civil Procedure dictate that matters outside the pleadings cannot be considered when deciding a Rule 12(b)(6) motion to dismiss. *See Fed. R. Civ. P. 12(b)*.

> If, on a motion asserting the defense numbered (6) to dismiss for failure of the pleading to state a claim upon which relief **[*6]** can be granted, matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.

Id. SBC and Ameritech's motion to dismiss, Jackson's response to the motion to dismiss, Jackson's amended response to the motion to dismiss and SBC and Ameritech's reply in support of the motion to dismiss, include information extraneous to the original facts pleaded in the complaint. Because neither party has requested that the Court convert the motion to dismiss into a Rule 56 motion for summary judgment, we focus our analysis solely on the factual allegations presented in the original complaint. For the purpose of deciding this motion, we ignore all factual allegations included as exhibits in support of or in opposition to the motion to dismiss. n1

n1 Even if the Court had considered all the extraneous information included in the exhibits, the Court would have reached the same result with respect to this pending motion.

[*7]

II. Jackson's Complaint States a Claim Upon Which Relief Can Be Granted.

Patent infringement under *35 U.S.C. § 271* can take place directly, by acts of inducement or by acts of contributory infringement. *35 U.S.C. § 271*(a)-(c). Direct patent infringement occurs when someone "makes, uses, offers to sell, or sells any patented invention, within the United States." *Id.* at § 271(a). Patent infringement by acts of inducement occurs when someone knowingly encourages, causes, urges or aids another in infringement. *See Manville Sales Corp. v. Paramount Sys., Inc., 917 F.2d 544, 553 (Fed. Cir. 1990); Fromberg, Inc. v. Thornhill, 315 F.2d 407, 411 (5th Cir. 1963).* Patent infringement by acts of contributory infringement occurs when someone sells a component of a patented machine knowing that the component will be used to infringe such patent. *35 U.S.C. § 271*(c).

In order to plead a § 271 violation, the plaintiff need only state sufficient facts to put the alleged infringer on notice. *Phonometrics, Inc. v. Hospitality Franchise Sys., Inc., 203 F.3d 790, 794 (Fed. Cir. 2000).* **[*8]** In *Phonometrics*, the district court dismissed the complaint under Rule 12(b)(6) because the plaintiff did not include express allegations of infringement. *Id. at 792.* The Federal Circuit reversed, holding that:

> Phonometrics' complaint alleges ownership of the asserted patent, names each individual defendant, cites the patent that is allegedly infringed, describes the means by which the defendants allegedly infringe, and points to the specific sections of the patent law invoked. Thus, Phonometrics' complaint contains enough detail to allow the defendants to answer. Rule 12(b)(6) requires no more.

Id. at 794. Similarly, Jackson's complaint includes all the factual specificity that is required by the federal courts under the notice pleading standard. First, Jackson alleges ownership of the asserted patent by stating that he "owns all right, title and interest in and has standing to sue for infringement" of the '900 Patent. (R. 1-1, Compl. P 4.) Second, Jackson names each individual Defendant. (*Id.* at PP 5-12.) Third, Jackson cites the patent that is allegedly infringed. (*Id.* at P 4.) Fourth, Jackson describes the means by which **[*9]** Defendants allegedly infringe by pleading that "each of the defendants has infringed the patent in suit either directly or through acts of contributory infringement or inducement." (*Id.* at P 16.) Jackson further alleges that Ameritech "provides voice mail systems" and that SBC "sells answering machines." (*Id.* at P 7.) Finally, Jackson points to the specific sections of the patent law invoked by alleging a "violation of *35 U.S.C. § 271.*" (*Id.* at P 16.) Thus, as the complaint includes all the factual specificity that is required under the notice pleading standard, we deny SBC and Ameritech's motion to dismiss the complaint.

CONCLUSION

For the foregoing reasons, SBC and Ameritech's motion to dismiss, pursuant to *Federal Rule of Civil Procedure 12(b)(6)*, is denied. (R. 19-1.) This Court will hold a status hearing on July 16, 2002 at 9:45 a.m. to set a firm litigation schedule for this lawsuit.

ENTERED:

Judge Ruben Castillo

United States District Court

Dated: July 3, 2002

EXHIBIT "C"

LEXSEE 2004 US DIST LEXIS 14035

ONE WORLD TECHNOLOGIES, LTD. and RYOBI TECHNOLOGIES, INC., Plaintiffs, v. ROBERT BOSCH TOOL CORPORATION, REXON INDUSTRIAL CORP., LTD., and POWER TOOL SPECIALISTS, INC., Defendants.

No. 04 C 0833

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

2004 U.S. Dist. LEXIS 14035

July 20, 2004, Decided
July 21, 2004, Docketed

PRIOR HISTORY: *One World Techs., Ltd. v. Robert Bosch Tool Corp., 2004 U.S. Dist. LEXIS 13007 (N.D. Ill., July 13, 2004)*

DISPOSITION: **[*1]** PTS' Motion to Dismiss for Failure to State a Claim was DENIED.

COUNSEL: For ONE WORLD TECHNOLOGIES, LTD, RYOBI TECHNOLOGIES, INC., plaintiffs: Gary Melchior Ropski, Robert Steven Mallin, Vineet Gauri, Sean Patrick Springman, Brinks, Hofer, Gilson & Lione, Chicago, IL.

For ROBERT BOSCH TOOL CORPORATION, defendant: Michael J. Abernathy, Sarah Lynn Taylor, Paula W. Render, Robert William Connors, Wendy J Weimer, Peter Zura, Bell, Boyd & Lloyd LLC, Chicago, IL.

For REXON INDUSTRIAL CORP. LTD, defendant: Charles H. Cole, Jeffrey Ray Rosenberg, Schuyler, Roche & Zwirner, Chicago, IL. J. Kevin Grogan, Wm Tucker Griffith, McCormick, Paulding & Huber, LLP, Hartford, CT.

For POWER TOOL SPECIALISTS, INC, defendant: Charles H. Cole, Jeffrey Ray Rosenberg, Schuyler, Roche & Zwirner, Chicago, IL.

For ROBERT BOSCH TOOL CORPORATION, counter-claimant: Michael J. Abernathy, Paula W. Render, Robert William Connors, Wendy J Weimer, Peter Zura, Bell, Boyd & Lloyd LLC, Chicago, IL.

For ONE WORLD TECHNOLOGIES, LTD, RYOBI TECHNOLOGIES, INC., counter-defendants: Gary Melchior Ropski, Robert Steven Mallin, Vineet Gauri, Sean Patrick Springman, Brinks, Hofer, Gilson & Lione, Chicago, IL.

JUDGES: James **[*2]** B. Zagel, United States District Judge.

OPINIONBY: James B. Zagel

OPINION:

MEMORANDUM OPINION AND ORDER

Plaintiffs One World Technologies, Ltd. and Ryobi Technologies, Inc. ("Plaintiffs") have sued Defendants Power Tool Specialists, Inc. ("PTS"), Robert Bosch Tool Corporation, and Rexon Industrial Corporation, Ltd. for patent infringement of *U.S. Patent No. 6,658,976* ("the *'976 patent*"). The *'976 patent*, entitled "Ergonomic Miter Saw Handle," was issued on December 9, 2003 to One World. Ryobi claims to be an exclusive licensee of the *'976* patent.

PTS has moved to dismiss pursuant to *Federal Rule of Civil Procedure 12(b)(6)* on the grounds that the Complaint fails to state a claim upon which relief can be granted with respect to PTS. It claims that it has undertaken no activities with the *'976* patent which can legitimately amount to patent infringement. It further claims that to the extent that Plaintiffs have failed to allege with any specificity how PTS' activities amount to patent infringement, no facts have been presented in the Complaint, or even can be alleged, upon which relief can be granted against PTS. In support of its motion, PTS **[*3]** relies on a number of factual allegations that are not found in the Complaint, as well as on an affidavit of Anthony J. Borgatti, its Chief Executive Officer.

Pointing to *Northwestern Corp. v. Y.L.C. Co. 03 C 2408, 2003 U.S. Dist. LEXIS 17874 (N.D. Ill. Oct. 7,* *2003)*, Plaintiffs respond that PTS' motion is an improper attempt to use facts outside the Complaint to decide the merits of this suit prematurely. In *Northwestern*, the defendant's *Rule 12(b)(b)* motion to dismiss relied on two affidavits. The Court stated that "if matters outside the pleadings are presented by the defendant, a District Court may either exclude those documents and continue under *Rule 12* or convert the *Rule 12(b)(6)* motion into a summary judgment motion and proceed under *Rule 56*." *Id. 2003 U.S. Dist. LEXIS 17874 at *4*; *see also Marques v. FRB, 286 F.3d 1014, 1017 (7th Cir. 2002)* (holding that a *Rule 12(b)(6)* motion was converted into a motion for summary judgment when materials outside the complaint were actually considered by the court). Because the motion did not comply with *Rule 56* or the Local Rules of this Court concerning summary judgment, the Court declined to convert the motion to dismiss **[*4]** into a motion for summary judgment. *See Northwestern, 2003 U.S. Dist. LEXIS 17874 at *4*. I do so here as well.

The purpose of a *Rule 12(b)(6)* motion is to test the sufficiency of the complaint, not the merits of the case. *See Autry v. Northwest Premium Servs., Inc., 144 F.3d 1037, 1039 (7th Cir. 1998)*. Dismissal is appropriate only if it appears beyond a doubt that the Plaintiffs can prove no set of facts in support of their claims that would entitle them to relief. *GATX Leasing Corp. v. Nat'l Union Fire Ins. Co., 64 F.3d 1112, 1114 (7th Cir. 1995)*. The party moving for dismissal bears the burden of proving that no claim has been stated. In ruling on *Rule 12(b)(6)* motion, I must accept all well-pleaded factual allegations in the Complaint as true and draw all reasonable inferences from those facts in the Plaintiffs' favor. *See Cleveland v. Rotman, 297 F.3d 569 (7th Cir. 2002)*.

In considering PTS' motion, I must ignore external facts not found in Plaintiffs' Complaint. *See Levenstein v. Salafsky, 164 F.3d 345, 347 (7th Cir. 1998)*. It is well accepted that "documents that a defendant attaches to a *Rule 12(b)(6)* motion **[*5]** to dismiss may only be considered if they are referred to in the plaintiff's complaint and are central to the plaintiff's claim." *Northwestern, 2003 U.S. Dist. LEXIS 17874 at *3*. The Borgatti affidavit attached to PTS' motion, as well as the factual allegations relied on throughout the motion, are beyond the scope of Plaintiffs' Complaint, and I therefore disregard them in deciding the motion.

Putting aside the external documents and facts, I am left with PTS' claim that Plaintiffs have failed to allege with any specificity how PTS' activities amount to patent infringement and that no facts have been presented, or even can be alleged, upon which relief can be granted against PTS. Contrary to these allegations, however, Plaintiffs have stated a proper claim for patent infringement that satisfies the pleading requirements of the Federal Rules.

Rule 8(a) requires only a "short and plain statement of the claim showing that the pleader is entitled to relief." In pleading a claim for patent infringement, "the plaintiff need only state sufficient facts to put the alleged infringer on notice." *Jackson v. Ill. Bell Tel. Co., No. 01 C 8001, 2002 U.S. Dist. LEXIS 13186, at *7* **[*6]** *(N.D. Ill. Jul. 3, 2002)*. In, *Phonometrics, Inc. v. Hospitality Franchise Sys., 203 F.3d 790 (Fed. Cir. 2000)*, the Federal Circuit held that a complaint that alleged the plaintiff's ownership of the asserted patent, named each individual defendant, cited the patent that was allegedly infringed, described the means by which defendants allegedly infringed, and pointed to the specific sections of the patent law invoked was sufficient to state a claim for patent infringement because the complaint contained enough detail to put the defendants on notice.

In this case, Plaintiffs' Complaint alleges the same things that the Complaint in *Phonometrics* alleged. The Complaint alleges Plaintiffs' ownership of the *'976* patent, names each individual defendant, cites the *'976* patent as the patent that was allegedly infringed, and points to the specific sections of the patent law invoked. As for describing the means by which Defendants allegedly infringed, Plaintiffs allege that:

> Defendants have infringed and are now directly infringing, inducing infringement by others, and/or contributorily infringing one or more claims of the *'976* patent within this District or elsewhere **[*7]** within the United States by making, using, selling, and/or offering to sell products falling within the scope of such claims, all without authority or license from Plaintiffs.

PTS argues that such an allegation is deficient because no specific facts are provided regarding its alleged infringement activities, but no such specificity is required. *See Northwestern, 2003 U.S. Dist. LEXIS 17874 at *5*; *see also Advanced Cardiovascular Sys. v. Scimed Life Sys., 989 F. Supp. 1237, 1249 (N.D. Cal. 1997)* ("In order to state a claim of patent infringement, a plaintiff must allege that the defendant makes, uses, offers to sell, or sells the patented invention within the United States, during the term of the patent, and without authority of the patent holder."). This allegation clearly sets forth an adequate allegation of patent infringement sufficient to put PTS on notice that its activities are infringing the *'976* patent.

For the reasons above, PTS' Motion to Dismiss for Failure to State a Claim is DENIED.

James B. Zagel

United States District Judge

DATE: JUL 20 2004

EXHIBIT "D"

LEXSEE 2004 US DIST LEXIS 1324

DIGIGAN, INC., Plaintiff, - against - IV ALIDATE, INC. d/b/a PLENAR, MDM GROUP, INC., and TIE TECHNOLOGIES, INC. f/k/a GLOBAL WIDE WEB, INC., Defendants.

02 Civ. 420 (RCC)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

2004 U.S. Dist. LEXIS 1324; 71 U.S.P.Q.2D (BNA) 1455; 52 U.C.C. Rep. Serv. 2d (Callaghan) 1022

February 3, 2004, Decided
February 3, 2004, Filed

SUBSEQUENT HISTORY: Magistrate's recommendation at *Digigan, Inc. v. Ivalidate, Inc., 2004 U.S. Dist. LEXIS 8705 (S.D.N.Y., Apr. 28, 2004)*

PRIOR HISTORY: *digiGAN, Inc. v. iVALIDATE, Inc., 2002 U.S. Dist. LEXIS 19696 (S.D.N.Y., Oct. 4, 2002)*

DISPOSITION: **[*1]** Defendants' motions to dismiss for failure to state claim GRANTED IN PART AND DENIED IN PART. MDM's motion to dismiss for lack of personal jurisdiction DENIED WITHOUT PREJUDICE.

COUNSEL: For Digigan, Inc, PLAINTIFF: David A Einhorn, James M Andriola, Anderson, Kill, Olick & Oshinsky PC, New York, NY USA.

For Ivalidate, Inc DBA Plenar, DEFENDANT: Anthony Motta, Law Offices of Joel Z Robinson & Co, New York, NY USA.

JUDGES: RICHARD CONWAY CASEY, United States District Court Judge.

OPINIONBY: RICHARD CONWAY CASEY

OPINION:

MEMORANDUM & ORDER

RICHARD CONWAY CASEY, United States District Court Judge:

Plaintiff digiGAN, Inc. ("Plaintiff") brought this action against i Validate, Inc. ("iValidate"), MDM Group, Inc. ("MDM"), and TIE Technologies, Inc. ("TIE") (collectively referred to as "Defendants") for a declaratory judgment that Plaintiff is the owner of certain property, including a number of patents, and for damages based on violations of federal patent law and state unfair competition law. The three Defendants filed separate motions to dismiss the action. The Court addresses all three motions in this opinion. For the reasons that follow, Defendants' motions pursuant to *Federal Rule of Civil Procedure 12(b)(6)* **[*2]** are **GRANTED IN PART AND DENIED IN PART.** The Court **DENIES WITHOUT PREJUDICE** MDM's motion to dismiss for lack of personal jurisdiction.

I. BACKGROUND

The following facts are derived from the Amended Complaint in this case, the truth of which the Court assumes for purposes of these motions. On February 26, 2001, Plaintiff entered into an agreement with iValidate, titled "Advance Letter," under which Plaintiff lent sums of money to iValidate. (Compl. P 7.) The Advance Letter stated that if a separate agreement, called an "Asset Purchase Agreement," did not close by April 15, 2001, the advances made by Plaintiff to iValidate were to convert into a loan payable by April 30, 2001. (Id. P 8.) That deadline was extended by consent of the parties until October 1, 2001. (Id. P 10.) The Asset Purchase Agreement did not close, but iValidate failed to pay back $ 107,500 plus interest. (Id. PP 8, 11.) Under a security agreement executed on March 13, 2001, iValidate assigned certain collateral to Plaintiff to secure its obligations under the Advance Letter. (Id. P 12.) On October 23, 2001, Plaintiff notified iValidate that it would strictly foreclose on the **[*3]** collateral, and received no objection. (Id. PP 13, 14.) Plaintiff therefore contends that it is the legal owner of the collateral.

On October 21, 2001, MDM issued a press release in which it claimed ownership of the collateral--which appears to include a number of patents--despite Plaintiff's perfected security interest which it recorded in the states of New York and Georgia, and with the United States Patent and Trademark Office. (Id. PP 16, 17.) MDM then licensed rights in the patents to TIE (Id. P 19.) Defendants are alleged to be alter egos of one another. (Id. P 23.)

First, Plaintiff contends that it is entitled to a declaratory judgment that it is the rightful owner of the collateral and to an injunction against Defendants' infringement of its rights in the collateral. (Id. P 27.) Second, Plaintiff alleges that Defendants have violated the Lanham Act, *15 U.S.C. § 1125(a)*, by making false and misleading statements that they possess certain rights in the patents. (Id. P 36.) These statements allegedly caused confusion among the public and damage to Plaintiff. (Id. P 38.) The Amended Complaint also alleges that these misleading **[*4]** statements violated New York unfair competition law and *sections 349and 350* of the New York General Business Law. (Id. PP 42, 44.)

Defendants argue that the Amended Complaint fails to state a claim on which relief can be granted, and have brought motions pursuant to *Federal Rule of Civil Procedure 12(b)(6)*. In addition, MDM moves to dismiss the Amended Complaint for lack of personal jurisdiction under *Federal Rule of Civil Procedure 12(b)(2)*. n1

n1 In its original moving papers, MDM moved for a more definite statement of the claims under *Federal Rule of Civil Procedure 12(e)*. However, in its supplemental moving papers filed after Plaintiff amended its complaint, that motion was not reasserted. The motion has therefore been abandoned.

II. DISCUSSION

A. Defendants' 12(b)(6) Motions

Defendants argue that the Amended Complaint should be dismissed in its entirety. Under *Rule 12(b)(6)*, **[*5]** the Court must presume that all of the complaint's allegations are true and read the Amended Complaint in the light most favorable to Plaintiff. See *Connolly v. McCall, 254 F.3d 36 (2d Cir. 2001)*. The Court can only grant the motion if it appears beyond doubt that Plaintiff can prove no set of facts in support of its claims that would entitle it to relief. *Gant v. Wallingford Bd. of Educ., 69 F.3d 669, 673 (2d Cir. 1995)*. The Court will discuss each cause of action separately.

1. First Claim: Declaratory Relief Under Article 9 of the New York Uniform Commercial Code

iValidate argues that the Amended Complaint does not state a claim for declaratory relief that Plaintiff is the rightful owner of the collateral for three reasons: (1) Plaintiff breached the Advance Letter and therefore the security agreement is void; (2) Plaintiff failed to comply with the notice requirements of *section 9-620* of the New York Uniform Commercial Code ("N.Y.U.C.C."); and (3) the monies advanced by Plaintiff to iValidate were not loans but were deposits to be applied toward consideration that Plaintiff owed iValidate. (Memorandum of Law of Defendant iValidate **[*6]** in Support of Motion to Dismiss, at 16-19.)

All of these arguments must fail because they mistake the Court's role in deciding a *Rule 12(b)(6)* motion. The Court cannot make findings of fact, but must confine its analysis to whether the "facts stated on the face of the complaint, in documents appended to the complaint, or incorporated in the complaint by reference" would entitle Plaintiff to the requested relief. *Allen v. WestPoint-Pepperell, Inc., 945 F.2d 40, 44 (2d Cir. 1991)*.

The argument that Plaintiff breached the Advance Letter may be a defense that iValidate might eventually assert, but it is not a ground for dismissal under *Rule 12(b)(6)*. It is only a proper basis for a motion to dismiss "if the defense appears on the face of the complaint." *Official Comm. of Unsecured Creditors of Color Tile, Inc. v. Coopers & Lybrand, LLP, 322 F.3d 147, 158 (2d Cir. 2003)* (quoting *Pani Empire Blue Cross Blue Shield, 152 F.3d 67, 74 (2d Cir. 1998))*. There is nothing in the Amended Complaint, the Advance Letter, or the security agreement, that allows the Court to determine that Plaintiff breached the Advance Letter without making factual **[*7]** findings, something the Court cannot do on a motion to dismiss. Thus, this argument is unavailing.

Second, the Amended Complaint alleges that Plaintiff notified iValidate that it intended to strictly foreclose upon the collateral in satisfaction of iValidate's obligations under the Advance Letter. (Compl. P 13.) The Amended Complaint further alleges that iValidate did not object to the foreclosure. (Id. P 14.) N.Y.U.C.C. section 9-620 permits a secured party to retain collateral in satisfaction of an obligation if it sends a proposal to the debtor and receives no objection within twenty days after sending the proposal. *N.Y.U.C.C. Law § § 9-620 to -621*. iValidate argues that such notice did not satisfy the N.Y.U.C.C. requirements because iValidate had already sold the collateral to MDM and the Amended Complaint does not claim that MDM was notified of Plaintiff's proposal to strictly foreclose. However, the N.Y.U.C.C. only requires notification to parties from which the secured party received a claim of interest, or which held a perfected security interest or lien within ten days before the debtor consented to the foreclosure. See id. *§ 9-621(a)*. It is doubtful that Plaintiff **[*8]** must plead the absence of any such claims of interest and secured interest-holders, but a reasonable inference from the allegation in the Amended Complaint that Plaintiff complied with the N.Y.U.C.C. requirements is that MDM had neither claimed an interest in the collateral nor held a perfected security interest. Thus, the Amended Complaint adequately alleges the necessary facts under the N.Y.U.C.C.

Finally, iValidate argues that the sum Plaintiff claims is owed was not a loan but a deposit toward monies that Plaintiff owed to iValidate. iValidate asserts that the Court must construe the Advance Letter and the security agreement in conjunction with the Asset Purchase Agreement and something called the Term Sheet, which iValidate maintains was executed on January 18, 2001, and specifies that Plaintiff would make cash payments of $ 1.1 million to iValidate; assume certain of iValidate's liabilities, and deliver stock in Plaintiff to iValidate shareholders. The Term Sheet purportedly also states that the patents would not be officially assigned to Plaintiff until it made payments to iValidate of $ 650,000. iValidate argues that this Term Sheet was incorporated into the Asset Purchase **[*9]** Agreement, which the Court must consider because the Amended Complaint references the Asset Purchase Agreement.

The Amended Complaint does refer to the Asset Purchase Agreement, and in part, relies on the agreement to state its claim for declaratory relief, thus, it may be considered by the Court in ruling on the motion to dismiss. See *Chambers v. Time Warner, Inc., 282 F.3d 147, 153 (2d Cir. 2002)* (holding that documents relied on by plaintiff in drafting complaint may be considered on 12(b)(6) motion). iValidate contends that the declaratory judgment claim should be dismissed because Plaintiff failed to tender agreed-upon consideration and because the transaction contemplated by the Asset Purchase Agreement never closed. These arguments ask the Court to make factual findings and then a conclusion of law that Plaintiff has no rights to the patent. Such actions are impermissible on a motion to dismiss.

Plaintiff has also sufficiently stated a claim for declaratory relief. A district court "must entertain a declaratory judgment action: (1) when the judgment will serve a useful purpose in clarifying and settling the legal relations in issue, or (2) when it will terminate **[*10]** and afford relief from the uncertainty, insecurity, and controversy giving rise to the proceeding." *Cont'l Cas. Co. v. Coastal Sav. Bank, 977 F.2d 734, 737 (2d Cir. 1992)* (quoting *Broadview Chemical Corp. v. Loctite Corp., 417 F.2d 998, 1001 (2d Cir. 1969))*. Plaintiff has plead facts suggesting that it is the rightful owner of the patents and that all three Defendants have asserted ownership of the patents. (Compl. PP 25, 26.) iValidate argues in defense that Plaintiff has no such rights. Thus, there is a controversy involving ownership of the patents that will be resolved by the declaratory relief that Plaintiff requests. iValidate's motion to dismiss is therefore denied.

2. Second Claim: Patent Infringement

MDM and TIE contend that Plaintiff has failed to state a cause of action for patent infringement. n2 The Amended Complaint alleges that Defendants have violated *35 U.S.C. § 271(a)* by "making, using, offering to sell, and/or selling the invention claimed" in two patents. (Compl. P 31.) *35 U.S.C. § 271(a)* states in relevant part: "Whoever without authority makes, uses, offers to sell, or sells **[*11]** any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent."

n2 iValidate bases its motion on the argument that Plaintiff cannot recover on any of its legal theories because it has no ownership interest in the patents. For the reasons already stated, this argument must be rejected.

According to both MDM and TIE, the Amended Complaint fails to state a cause of action against them because it does not claim that they actually produced or sold any patented inventions. "[A] patentee need only plead facts sufficient to place the alleged infringer on notice. This requirement ensures that the accused infringer has sufficient knowledge of the facts alleged to enable it to answer the complaint and defend itself." *Phonometrics, Inc. v. Hospitality Franchise Sys., Inc., 203 F.3d 790, 794 (Fed. Cir. 2000)*. In Phonometrics, the Federal Circuit held that a complaint states a claim for patent infringement **[*12]** when it "alleges ownership of the asserted patent, names each individual defendant, cites the patent that is allegedly infringed, describes the means by which the defendants allegedly infringe, and points to the specific sections of the patent law invoked." Id.

Here, Plaintiff has met the standard articulated in *Phonometrics* for stating a claim under *§ 271*. It has alleged ownership of the patents, named Defendants as the alleged infringers, cited the patents by number, and describes the means by which they were infringed, that is, through making, using, selling, offering to sell or actually selling the patented inventions. Complaints that merely track the statutory language may be sufficient to withstand a motion to dismiss. See *Glazer Steel Corp. v. Yawata Iron & Steel Co., 56 F.R.D. 75, 81 n.1 (S.D.N.Y. 1972)*. In addition, the Amended Complaint specifically cites *§ 271* as the applicable patent-law provision. The information provided is adequate to allow Defendants to defend themselves. Therefore, the motions to dismiss the patent infringement claim are denied.

3. Third Claim: Lanham Act Violations

MDM and TIE next challenge Plaintiff's claim for **[*13]** violations of section 43(a)of the Lanham Act, *15 U.S.C. § 1125(a)*. Specifically, MDM and TIE contend that Plaintiff only alleges misrepresentations regarding a patent, which is not a good or service. *The Lanham Act* subjects to civil suit:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (B) *in commercial advertising or promotion*, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities ...

15 U.S.C. § 1125(a) (emphasis added). This provision of the *Lanham Act* is meant "to prevent customer **[*14]** confusion regarding a product's source or sponsorship." *Chambers, 282 F.3d at 156. The Lanham Act* is not, however, a panacea for all unfair trade practices. See *Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 156 L. Ed. 2d 18, 123 S. Ct. 2041, 2045 (2003).*

The Amended Complaint alleges that Defendants violated *section 43(a) of the Lanham Act* by making false and misleading representations concerning Defendants' rights in one of the patents (Compl. P 36.) These misrepresentations allegedly were made in the course of Defendants' website advertising of products protected by the patent. (Id.) The gravamen of Plaintiff's claim is that Defendants, in marketing their products, falsely stated that they owned the patent that Plaintiff received from iValidate under the security agreement. Thus, the alleged misrepresentations concerned the patent, not any products or services. A patent is not a "good or service" as those terms are used in the *Lanham Act.* See *Hans-Jurgen Laube & Oxidwerk HJL AG v. KM Europa Metal AG, 1998 U.S. Dist. LEXIS 3921, No. 96 Civ. 8147(PKL), 1998 WL 148427, at *2 (S.D.N.Y. Mar. 27, 1998)* (citing *Pro-Mold & Tool Co. v. Great Lakes Plastics, Inc., 75 F.3d 1568, 1574-75 (Fed. Cir. 1996)).* **[*15]**

In Hans-Jurgen, the plaintiffs alleged that the defendant violated *section 43(a)* when it falsely claimed ownership of a patent. Id. Judge Leisure concluded that the cause of action arose out of misrepresentations regarding ownership of the patent, and noted that the Federal Circuit has held that a patent is not a "good or service" under *section 43(a) of the Lanham Act.* See *id.*

Plaintiff responds that its *Lanham Act* claim is valid because Defendants advertised "products embodying technology protected by the Patent." (Compl. P 36.) However, drawing all reasonable inferences in Plaintiff's favor, the Amended Complaint does not allege any "false or misleading representation of fact" "in connection with any goods or services." See *15 U.S.C. § 1125.* The patent, and not any product or service, is at the center of the controversy between the parties.

First, the only misrepresentations alleged occurred when Defendants claimed to own the patent or to be licensees of the patent. (See Compl. P 35.) Second, the reason that Plaintiff claims the statements were false was that it, and not Defendants, actually own the patent. (See id. P 37.) Finally, **[*16]** Plaintiff's vague reference to Defendants' "products embodying technology" does not allege the necessary connection between the misrepresentations of fact and goods or services. Even paragraph 36 of the Amended Complaint, in which Plaintiff mentions Defendants' products, only alleges misrepresentations in connection with Defendants' rights to the patent, not with the products themselves. Thus, the Court concludes that Plaintiff has alleged misrepresentations of fact in connection with a patent, not goods or services. *Therefore, the Lanham Act* claim is dismissed.

4. Fourth Claim: Unfair Competition

Plaintiff states that Defendants' false representation that they are the owners or licensees of the patent constitutes unfair competition under New York State law. (Id. P 42.) "The primary concern in unfair competition is the protection of a business from another's misappropriation of the business' organization or its expenditures of labor, skill, and money." *Gucci America, Inc. v. Duty Free Apparel Ltd., 277 F. Supp. 2d 269, 275 (S.D.N.Y. 2003)* (quoting *Ruder & Finn, Inc. v. Seabord Sur. Co., 52 N.Y.2d 663, 422 N.E.2d 518, 522, 439 N.Y.S.2d 858 (N.Y. 1981))* (internal **[*17]** quotation marks omitted).

Defendants TIE and MDM argue that a cause of action for unfair competition cannot lie on the facts stated in the Amended Complaint because there are no allegations that they infringed on Plaintiff's patent rights or misappropriated Plaintiff's business name, reputation, or good will. In addition, they argue that because the *Lanham Act* claim fails, so too must the claim for unfair competition.

If Defendants are to succeed in dismissing the unfair competition claim, they must not rest on their *Lanham Act* arguments. As the Second Circuit has explained, "the elements of an unfair competition and *Lanham Act* claim are different." *Morex S.p.A v. Design Institute America, Inc 779 F.2d 799, 801 (2d Cir. 1985).* In New York, unfair competition is a broad tort encompassing an "incalculable variety of illegal practices." *Norbrook Labs. Ltd v. G.C. Hanford Mfg. Co., 297 F. Supp. 2d 463, 2003 U.S. Dist. LEXIS 23201, 2003 WL 23023866, at *24 (N.D.N.Y. Dec. 3, 2003)* (quoting *Electrolux Corp. v. Val-Worth, Inc., 6 N.Y.2d 556, 161 N.E.2d 197, 204, 190 N.Y.S.2d 977 (N.Y. 1959)).* Plaintiff must allege, however, "unfairness and an unjustifiable attempt to profit from another's expenditure of **[*18]** time, labor, and talent." *Greenblatt v. Prescription Plan Servs. Corp., 783 F. Supp. 814, 825 (S.D.N.Y. 1992).*

Here, Plaintiff's labor was not expended, nor talent tapped, in producing the patented technology. Plaintiff's only argument is that it expended money through its agreements with iValidate, and has, in effect, purchased the patent. However, it is the money spent in developing a product or process that the tort of unfair competition protects. See *Norbrook Labs., 2003 U.S. Dist. LEXIS 23201, 2003 WL 23023866, at *25* (finding unfair competition when defendant misappropriated technology for which plaintiff expended substantial time and money in producing). Plaintiff seeks to restate its patent infringement claim as an unfair competition claim, without alleging any expenditure of time, labor, or talent. See *id.* For this reason, the Amended Complaint does not adequately state a claim for unfair competition, and this cause of action is dismissed.

5. Fifth Claim: Violation of New York General Business Law

The Amended Complaint alleges that Defendants violated *sections 349and 350* of the *N.Y. General Business Law. Sections 349and 350* protect consumers against **[*19]** deceptive trade practices and false advertising. See N.Y. Gen. Bus. L. *§ § 349, 350.* The Court determines that Plaintiff has failed to state a claim under these statutes.

To establish a claim for deceptive trade practices under *section 349*, Plaintiff must allege that: "(1) the defendant's deceptive acts were directed at consumers, (2) the acts are misleading in a material way, and (3) the plaintiff has been injured as a result." *Maurizio v. Goldsmith, 230 F.3d 518, 521 (2d Cir. 2000)* (per curiam). Competitors have standing to bring a claim under this statute; however, "the gravamen of the complaint must be consumer injury or harm to the public interest." *Securitron Magnalock Corp. v. Schnabolk, 65 F.3d 256, 264 (2d Cir. 1995)* (quoting *Azby Brokerage, Inc. v. Allstate Ins. Co., 681 F. Supp. 1084, 1089 n.6 (S.D.N.Y. 1988)).*

The only harm to the public found anywhere in the Amended Complaint is the potential confusion that might arise due to Defendants' claims that they own, or are licensees of, the patent (See Compl. P 38.) Consumer confusion regarding the patent, the use or nature of which is not even stated in the Amended **[*20]** Complaint, does not rise to the level of consumer injury necessary to sustain a claim under *section 349.* See *New York Univ. v. Cont'l Ins. Co., 87 N.Y.2d 308, 662 N.E.2d 763, 770, 639 N.Y.S.2d 283 (N.Y. 1995).* "The conduct [alleged] need not be repetitive or recurring, but defendant's acts or practices must have broad impact on consumers at large ...." *Id.* There are no factual allegations in the Amended Complaint that suggest a broad impact on consumers; in fact, Plaintiff never alleges what the invention is for which it claims to own the patent.

The Amended Complaint is replete, however, with allegations of harm to Plaintiff's business. "Where the gravamen of the complaint is harm to a business as opposed to the public at large, the business does not have a cognizable cause of action under *§ 349.*" *Gucci America, 277 F. Supp. 2d at 274.* Because this is merely a private dispute "without direct impact on the body of consumers," the claim under *section 349* is dismissed. See *Maurizio, 230 F.3d at 522.*

Plaintiff's claim under *section 350* must suffer a similar fate. To state a claim for false advertising under *section 350*, Plaintiff again must allege conduct that **[*21]** has a broad impact on consumers. See id. (citing with approval *Galerie Furstenberg v. Coffaro, 697 F. Supp. 1282, 1291-92 (S.D.N.Y. 1988)).* Therefore, the *section 350* claim is also dismissed.

B. MDM's 12(b)(2) Motion

MDM also maintains that it is not subject to personal jurisdiction in this Court because it has no contacts with the state of New York. MDM claims that it is incorporated in Georgia and has its principal place of business in Texas. It further asserts that it has no offices, employees, or agents in New York, and derives no income from, nor has caused any injuries in, New York. The Amended Complaint, in contrast, alleges that MDM's principal place of business is in New York. (Id. P 3.) Plaintiff argues that this allegation is itself sufficient to withstand a motion to dismiss on the issue of personal jurisdiction. In the alternative, Plaintiff claims that MDM has sufficient contacts through to its own activities and those of TIE.

In demonstrating personal jurisdiction, "the nature of the plaintiff's obligation varies depending on the procedural posture of the litigation." *Ball v. Metallurgie Hoboken-Overpelt S.A., 902 F.2d 194, 197 (2d Cir. 1990).* **[*22]** As this motion was filed prior to discovery, Plaintiff must make a Prima facie showing of jurisdiction by allegations in the complaint. *Id.; see also Metropolitan Life Ins. Co. v. Robertson Ceco Corp., 84 F.3d 560, 566 (2d Cir. 1996)* ("Prior to discovery, a plaintiff may defeat a motion to dismiss based on legally sufficient allegations of jurisdiction.").

MDM cites *Palmieri v. Estefan, 793 F. Supp. 1182 (S.D.N.Y. 1992),* for the proposition that an evidentiary hearing is required when a defendant challenges the plaintiff's factual allegations relating to personal jurisdiction. See *id. at 1186*. This argument is only partially correct. MDM certainly may challenge both Plaintiff's theory of jurisdiction and the veracity of the facts that purportedly support that theory, *Credit Lyonnais Secs. (USA), Inc. v. Alcantara, 183 F.3d 151, 153 (2d Cir. 1999),* but the Court need not decide both challenges at the same time. See *Ball, 902 F.2d at 197.*

"In ruling on the theory of jurisdictional allegations, the court may provisionally accept disputed factual allegations as true ... The court need only **[*23]** determine whether the facts alleged by the plaintiff, if true, are sufficient to establish jurisdiction; no evidentiary hearing or factual determination is necessary for that purpose." *Id. at 153* (emphasis added). MDM is correct that Plaintiff must prove facts establishing personal jurisdiction by a preponderance of the evidence, but Plaintiff need not do so on a prediscovery motion pursuant to *Rule 12(b)(2).* See *Ball, 902 F.2d at 196.*

The Court will accept as true the allegation of jurisdiction at this time. The parties shall have an opportunity to conduct discovery on the issue of jurisdiction, if they have not yet done so; the Court will schedule further proceedings after such discovery. Plaintiff will bear the burden of proving, by a preponderance of the evidence, both its theory of jurisdiction and the facts on which that theory is based. Therefore, MDM's motion is denied with leave to renew after discovery has been completed.

III. CONCLUSION

For the foregoing reasons, Defendants' motions to dismiss for failure to state a claim are **GRANTED IN PART AND DENIED IN PART.** Specifically, the Court concludes that Plaintiff has failed to state a **[*24]** cause of action under the *Lanham Act and New York General Business Law sections 349and 350,* and for unfair competition. Plaintiff has, however, stated claims for declaratory relief and patent infringement. The Court **DENIES WITHOUT PREJUDICE** MDM's motion to dismiss for lack of personal jurisdiction.

So Ordered: February 3, 2004

Richard Conway Casey, U.S.D.J.

EXHIBIT "E"

LEXSEE 2003 US DIST LEXIS 21002

SYMBOL TECHNOLOGIES, INC., Plaintiff, v. HAND HELD PRODUCTS, INC. and HHP-NC, INC., Defendants.

Civil Action No. 03-102-SLR

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

2003 U.S. Dist. LEXIS 21002

November 14, 2003, Decided

DISPOSITION: **[*1]** Motions decided. Claims dismissed. Allegations stricken.

COUNSEL: For Symbol Technologies, Inc, PLAINTIFF: *Arthur G Connolly*, III, Connolly, Bove, Lodge & Hutz, Wilmington, DE USA.

For Hand Held Products Inc, HHP-NC Inc, DEFENDANTS: Donald F Parsons, Jr, Mary B Graham, Morris, Nichols, Arsht & Tunnell, Wilmington, DE USA.

JUDGES: **[*2]** Sue L. Robinson, United States District Judge.

OPINIONBY: Sue L. Robinson

OPINION:

MEMORANDUM ORDER

I. INTRODUCTION

Currently before the court are the following motions by the defendants Hand Held Products, Inc. and HHP-NC, Inc. (collectively "HHP"): 1) motion to dismiss *U.S. Patent No. 5,591,956* of Count II for lack of subject matter jurisdiction; 2) motion to dismiss *U.S. Patent No. 5,130,520* of Count I from the action because HHP holds a valid license; 3) motion to dismiss plaintiff's infringement and **[*3]** noninfringement claims from Counts I and II pursuant to *Fed. R. Civ. P. 8and 12(b)(6)* for failure to state a claim; 4) motion to dismiss Count II of the complaint pursuant to *Fed. R. Civ. P. 12(b)(1)and 12(b)(6)* for lack of subject matter jurisdiction for failure to satisfy the jurisdictional requirements of *28 U.S.C. § 2201*; 5) motion to dismiss plaintiff's invalidity and unenforceability claims from Count II pursuant to *Fed. R. Civ. P. 8and 12(b)(6)* for failure to give notice of the bases for claims of invalidity and unenforceability; 6) motion to strike plaintiff's unenforceability allegations pursuant to *Fed. R. Civ. P. 12(b)(6)* for failure to plead fraud with particularity; and 7) motion for a more definite statement as to Counts I and II. (D.I. 10) For the reasons and to the extent stated below, the court grants in part and denies in part HHP's motions.

II. BACKGROUND [*4]

Plaintiff Symbol Technologies, Inc. ("Symbol") and HHP are competitors in the hand-held optical scanner industry, each holding patents and manufacturing a variety of products. Symbol is the owner of *U.S. Patent Nos. 5,029,183*; *5,130,520*; *5,157,687*; *5,479,441*; *5,521,366*; *5,646,390*; *5,702,059*; *5,783,811*; *5,818,028*; 6,00,612; *6,019,286*; and *6,105,871* (collectively, the "Symbol Patents"). HHP is the owner of *U.S. Patent Nos. 5,286,960*; *5,291,008*; *5,391,182*; *5,420,409*; *5,463,214*; *5,569,902*; *5,591,956*; *5,723,853*; *5,723,868*; *5,773,806*; *5,773,810*; *5,780,834*; *5,784,102*; *5,786,586*; *5,793,967*; *5,801,918*; *5,825,006*; *5,831,254*; *5,837,985*; *5,838,495*; *5,900,613*; *5,914,476*; *5,929,418*; *5,932,862*; *5,942,741*; *5,949,052*; *5,949,054*; *5,965,863*; *6,015,088*; *6,060,722*; *6,161,760*; *6,298,176*; *6,491,223*; *D392,282*; *D400,199*, and *D400,872* (collectively the "HHP Patents").

In September 1999, HHP was acquired by Welch Allyn, Inc. ("Welch Allyn"), a direct competitor of Symbol. Later that fall, Welch Allyn announced that it intended to acquire another competitor of Symbol's, PSC, Inc., with whom Symbol was engaged in patent litigation.

On March 13, 2000, Welch Allyn's in-house counsel sent an email to Symbol's **[*5]** in-house patent counsel indicating that certain Welch Allyn patents might "present problems" to Symbol's Golden Eye product line. (D.I. 19)

On June 6, 2000, Welch Allyn began negotiating with Symbol on behalf of Welch Allyn's newly acquired subsidiary, PSC, Inc. (Id.) *Later that month, a meeting* was held between Symbol and Welch Allyn to discuss the licensing of certain patents held by HHP relating to the Golden Eye product line. At that meeting, a list of twenty-three (23) patents was presented to Symbol which Welch Allyn viewed as relevant. (Id.)

On June 28, 2000, a second list was provided to Symbol by HHP in response to a request made at the earlier meeting. This second list contained only ten (10) patents, eight of which were previously listed on the first list, and two of which were new additions. The June 28 letter indicated that these patents should be the topic of further licensing discussions between the parties. (Id.)

On November 30, 2000, Symbol acquired Telxon, a Texas company that was at the time engaged in patent-related disputes with Welch Allyn. Previously that year, Welch Allyn had sent a list of patents to Telxon, identical to the first list sent to [*6] Symbol, and suggested that Telxon's products might be infringing. Welch Allyn had also previously raised infringement issues with Metanetics, a Telxon subsidiary. (Id.)

Relations between Symbol and Welch Allyn deteriorated completely when Welch Allyn filed a lawsuit against Symbol in North Carolina regarding a certain contract that they shared to provide products to the United States Postal Service. (Id.)

On January 21, 2003, Symbol filed a two-count complaint alleging that HHP has infringed the Symbol Patents and seeking declaratory judgment that the HHP Patents are not infringed, invalid and/or unenforceable. (D.I. 1)

In Count I of the complaint, Symbol alleges that "HHP infringed and continues to infringe, has induced and continues to induce others to infringe, and/or has committed and continues to commit acts of contributory infringement of, one or more claims of each of the Symbol Patents." (D.I. 1 at 6) In Count II of the complaint, Symbol seeks a declaratory judgment that the HHP Patents are noninfringed, invalid, and unenforceable. (Id.)

III. DISCUSSION

A. HHP's Motion to Dismiss *U.S. Patent No. 5,591,956*

HHP contends that the court is without subject-matter [*7] jurisdiction as to *U.S. Patent No. 5,591,956* ("'956 patent"). (D.I. 11) At oral arguments before the court on October 28, 2003, HHP's counsel affirmatively stated that the '956 patent is dedicated to the public; therefore, this patent will be dismissed from the complaint.

B. HHP's Motion to Dismiss *U.S. Patent No. 5,130,520*

HHP contends that *U.S. Patent No. 5,130,520* ("'520 patent") should be dismissed because it is the subject of a valid license from Symbol. Symbol contends that there is a license for the '520 patent, but that it pertains to a narrow field of use. It is established law that a licensee that exceeds the scope of its license may be held liable for infringement. See *General Talking Pictures Co., 304 U.S. 175, 82 L. Ed. 1273, 58 S. Ct. 849, 1938 Dec. Comm'r Pat. 831 (1938)*; *Eli Lilly & Co. v. Genetech, Inc., 1990 U.S. Dist. LEXIS 18619, 17 U.S.P.Q.2d 1531, 1534 (S.D. Ind. 1990)*. Consequently, HHP's motion to dismiss the '520 patent will be denied.

C. HHP's Motion to Dismiss Infringement and Noninfringement Claims from Count I and II for Failure to State a Claim, Motion to Dismiss Symbol's Claims of Invalidity and Unenforceability, and Motion for a More [*8] Definite Statement

HHP contends that Symbol's complaint is facially defective under *Fed. R. Civ. P. 8(a)*, as it fails to provide sufficient notice of which of HHP's products infringe claims under the Symbol Patents and which of Symbol's products may infringe HHP Patents. (D.I. 11 at 16) HHP, however, has failed to cite any precedent binding upon this court that requires a complaint to identify the basis of an infringement claim with such particularity. n1 It is established law that liberal pleading requirements are designed to put the parties on notice generally as to the nature of the cause of action. *Conley v. Gibson, 355 U.S. 41, 47, 2 L. Ed. 2d 80, 78 S. Ct. 99 (1957)*; *Weston v. Pennsylvania, 251 F.3d 420, 429 (3d Cir. 2001)*. Particularly in complex litigation, it is through the discovery process that the parties refine and focus their claims. At this stage in the litigation, the court declines to dismiss Symbol's claims until adequate discovery has been completed.

n1 The court notes that HHP attempts to bootstrap *Fed. R. Civ. P. 11* requirements into *Rule 8*, without actually alleging that Symbol's complaint is frivolous. (D.I. 11 at 9-10) In the absence of an actual motion by HHP to the contrary, the court will assume that Symbol's counsel has complied with their ethical obligations under *Fed. R. Civ. P. 11*.

[*9]

In the alternative, HHP moves the court to require Symbol to provide a more definite statement pursuant to *Fed. R. Civ. P. 12(e)*. A motion under *Rule 12(e)* is to correct a pleading that is "so vague or ambiguous that a party cannot reasonably be required to frame a responsive pleading." The purpose, however, of *Rule 12(e)* is not to make it easier for the moving party to prepare its case. *Fed. R. Civ. P. 12* advisory committee's note. In this case, the crux of HHP's motion is that Symbol's complaint is simply too large. There are, however, a finite number of claims and a finite number of infringing products. Consequently, the court finds that traditional mechanisms of discovery are the proper tools to refine the scope of this litigation. HHP's motions in this regard will be denied.

D. HHP's Motions to Dismiss Count II for Lack of Subject Matter Jurisdiction

HHP contends that the court is without subject matter jurisdiction as to the HHP Patents, as there is not an actual controversy within the meaning of *§ 2201*. (Id.) See *Vectra Fitness, Inc. v. TNWK Corp., 162 F.3d 1379, 1383 (Fed. Cir. 1998).* **[*10]**

Declaratory judgment pursuant to *28 U.S.C. § 2201* requires that there be "(1) an explicit threat or other action by the patentee, which creates a reasonable apprehension on the part of the declaratory plaintiff that it will face an infringement suit, and (2) present activity which could constitute infringement or concrete steps taken with the intent to conduct such activity." *BP Chemicals Ltd. v. Union Carbide Corp., 4 F.3d 975, 978 (Fed. Cir. 1993).* In reaching its conclusion, the court must apply a totality of the circumstances standard. See *C.R.Bard, Inc. v. Schwartz, 716 F.2d 874, 880 (Fed. Cir. 1983).*

The recent contentious and litigious history between the parties weighs in favor of a finding that Symbol has a reasonable apprehension of suit. In *EMC Corp. v. Norand Corp., 89 F.3d 807 (Fed. Cir. 1996)*, the Federal Circuit stated that the "test for finding a 'controversy' for jurisdictional purposes is a pragmatic one and cannot turn on whether the parties use polite terms in dealing with one another or engage in more bellicose saber rattling." *Id. at 811*. The Court of Appeals continued **[*11]** and emphasized that "the question is whether the relationship between the parties can be considered a 'controversy,' and that inquiry does not turn on whether the parties have used particular 'magic words' in communicating with one another." *Id. at 812*. Therefore, the absence of an explicit threat of suit, while a factor, is not dispositive. See *BP Chemicals Ltd. v. Union Carbide Corp., 4 F.3d 975, 979 (Fed. Cir. 1993)* ("Declaratory judgment jurisdiction does not require direct threats.").

Further, it is relevant under Federal Circuit precedent that at oral argument HHP did not affirmatively state that it would not bring suit. In C.R. Bard Inc., the Court of Appeals held that a plaintiff had a reasonable apprehension of suit when the defendant in a declaratory judgment declined to affirmatively state at oral arguments that he would not bring a suit for infringement against the plaintiff. n2 *716 F.2d at 881.*

n2 The court is not entirely comfortable with the notion that a plaintiff might bring a declaratory judgment against a defendant for the purpose of forcing an admission of the defendant's intent to enforce its patent rights. The court is also uncomfortable with the notion that a defendant might plead that the plaintiff has no reasonable apprehension of suit, and then file in another forum once the declaratory judgment has been dismissed for want of subject matter jurisdiction. Nonetheless, the Federal Circuit in C.R. Bard made it clear that the failure to deny an intent to sue for infringement is a factor to be considered.

[*12]

Having concluded that the totality of circumstances sufficiently demonstrates a reasonable apprehension of suit, nonetheless, Symbol has not established a reasonable apprehension of suit with respect to each of the named HHP Patents. At most, the affidavit and accompanying documents filed to support the complaint suggest that only those patents referenced in the June 28, 2000 correspondence from Welch Allyn are proper subjects of a declaratory judgment suit. n3 Consequently, the court will dismiss without prejudice those HHP Patents which were not the subject of the June 28, 2000 correspondence.

n3 Those patents are: *U.S. Patent Nos. 5,286,960*; *5,900,613*; *5,723,868*; *5,780,834*; *5,784,102*; *5,825,006*; *5,831,254*; *6,060,722*; *5,929,418*; and *5,965,863*.

With respect to the remaining HHP Patents, the court finds that Symbol satisfies the "present activity" requirement of *§ 2201*. It is sufficient that Symbol engages in the manufacture and production of products sufficiently similar to HHP's patents. See *Millipore Corp. v. University Patents, Inc., 682 F. Supp. 227, 232 (D. Del. 1987).* **[*13]** Moreover, the fact that HHP's own correspondence to Symbol suggests that licensing of its patents may be needed is sufficient for the court to conclude that there is "present activity" as required under *§ 2201*.

E. HHP's Motion to Strike Symbol's Allegations of Unenforceability for Failure to Plead with Particularity

The court will dismiss Symbol's claims for unenforceability without prejudice. Fraud is a clear exception to the otherwise broad notice-pleading standards under *Fed. R. Civ. P. 9*. A claim of patent unenforceability is premised upon inequitable conduct before the Patent & Trademark Office ("PTO"), which is a claim sounding in fraud. A plaintiff alleging unenforceability, therefore, must plead with particularity those facts which support the claim the patent holder acted fraudulently before the PTO. As Symbol has failed to adequately plead its bases for unenforceability of the remaining HHP Patents, that portion of Count II will be dismissed without prejudice.

IV. CONCLUSION

At Wilmington this 14th day of November, 2003, having held oral argument and reviewed HHP's motion to dismiss pursuant to *Fed. R. Civ. P. 8(a), 9* **[*14]** *, 12(b)(1), 12(b)(6) and 12(f)*, or in the alternative for a more definite statement pursuant to *Rule 12(e)* (D.I. 10), and Symbol's response thereto;

IT IS ORDERED that:

1. HHP's motion to dismiss Count II of Symbol's complaint with respect to *U.S. Patent No. 5,591,956* is **granted.** (D.I. 10-1)

2. HHP's motion to dismiss *U.S. Patent No. 5,130,520* of Count I is **denied.** (D.I. 10-2)

3. HHP's motion to dismiss infringement and noninfringement claims from Counts I and II of the complaint pursuant to *Fed. R. Civ. P. 8and 12(b)(6)* is **denied.** (D.I. 10-3)

4. HHP's motion to dismiss Count II of the complaint pursuant to *Fed. R. Civ P. 12(b)(1)and 12(b)(6)* for lack of subject matter jurisdiction is **granted** with respect to *U.S. Patent Nos. 5,291,008*; *5,391,182*; *5,420,409*; *5,463,214*; *5,697,902*; *5,723,853*; *5,773,806*; *5,773,810*; *5,786,586*; *5,793,967*; *5,801,918*; **[*15]** *5,837,985*; *5,838,495*; *5,914,476*; *5,932,862*; *5,942,741*; *5,949,052*; *5,949,054*; *6,015,088*; *6,161,760*; *6,298,176*; *6,491,223*; *D392,282*; *D400,199*; and *D400,872*, and is **denied** with respect to *U.S. Patent Nos. 5,286,960*; *5,900,613*; *5,723,868*; *5,780,834*; *5,784,102*; *5,825,006*; *5,831,254*; *6,060,722*; *5,929,418*; and *5,965,863*. (D.I. 10-4)

5. HHP's motion pursuant to *Fed. R. Civ. P. 8and 12(b)(6)* to dismiss Symbol's invalidity and unenforceability claims from Count II is **denied.** (D.I. 10-5)

6. HHP's motion to strike Symbol's allegations of unenforceability pursuant to *Fed. R. Civ. P. 12(b)(6)or 12(f)* is **granted.** (D.I. 10-6)

7. HHP's motion for a more definite statement is **denied.** (D.I. 10-7)

Sue L. Robinson

United States **[*16]** District Judge

EXHIBIT "F"

1 of 1 DOCUMENT

CHARLES THURMOND, and HAL LAPRAY, Plaintiffs, On Behalf of Themselves and All Others Similarly Situated. v. COMPAQ COMPUTER CORPORATION, Defendant.

1:99CV0711 (TH) JURY

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, BEAUMONT DIVISION

2000 U.S. Dist. LEXIS 22718

February 28, 2000, Decided
February 28, 2000, Filed

SUBSEQUENT HISTORY: Motion denied by *Thurmond v. Compaq Computer Corp., 2000 U.S. Dist. LEXIS 22720 (E.D. Tex., Feb. 28, 2000)*

PRIOR HISTORY: *Thurmond v. Compaq Computer Corp., 2000 U.S. Dist. LEXIS 21888 (E.D. Tex., Feb. 28, 2000)*

COUNSEL: [*1] For Charles Thurmond, on behalf of himself and those similarly situated, Hal Lapray, on behalf of himself and others similarly situated, Tracy D Wilson, Jr, Alisha Seale Owens, Plaintiffs: Charles Silver, Attorney at Law, Austin, TX; Gary Neale Reger, Orgain Bell & Tucker, Beaumont, TX; Olen Kenneth Dodd, Attorney at Law, Beaumont, TX; Gilbert Irvine Low, Orgain Bell & Tucker, Beaumont, TX; Wayne A Reaud, Reaud Morgan & Quinn, Beaumont, TX.

For Charles Thurmond, on behalf of himself and those similarly situated, Tracy D Wilson, Jr, Alisha Seale Owens, Plaintiffs: L DeWayne Layfield, Attorney at Law, Beaumont, TX.

For Tracy D Wilson, Jr, Alisha Seale Owens, Plaintiffs: D Allan Jones, Jack Potter Carroll, Orgain Bell & Tucker - Beaumont, Beaumont, TX; George Michael Jamail, Reaud Morgan & Quinn, Beaumont, TX.

For Compaq Computer Corporation, Defendant: Carl A Parker, Parker & Parks LLP, Port Arthur, TX; David J Beck, Beck Redden & Secrest, Houston, TX; Robert Quentin Keith, Keith & Weber, Johnson City, TX; Steven M Zager, Akin Gump Strauss Hauer & Feld - Houston, Houston, TX; Barbara Wrubel, Sheila L Birnbaum, Skadden Arps Slate Meagher & Flom LLP, New York, NY; Charles [*2] S Baker, Munsch Hardt Kopf & Harr, Austin, TX; Peter Kelly Taafe, DuBois Bryant Campbell & Schwartz, Austin, TX.

For Toshiba America Information Systems Inc, Intervenor Plaintiff: Frank G Jones, Fulbright & Jaworski - Houston, Houston, TX.

For Fujitsu Computer Products of America Inc, Lucent Technologies Inc, Microsoft Corporation, Iomega Corporation, Seagate Technology Inc, SANYO North America Corporation, VIA Technologies Inc, Movants: Larry James Simmons, Jr, Lawrence Louis Germer, Germer Bernsen & Gertz, Beaumont, TX.

For Cypress Semiconductor Corporation, Movant: Hemant Hari Kewalramani, Howry Simon Arnold & White, Houston, TX.

For S3 Incorporated, Movant: Andrew Scott Hanen, T Christopher Trent, Johnson Spalding Doyle West & Trent, Houston, TX.

For Maxtor Corporation, Movant: Daniel R Castro, Castro & Baker, Austin, TX.

For Intel Corporation, Movant: Michael P Lynn, Lynn Tillotson & Pinker LLP, Dallas, TX.

For SCI Technology Inc, doing business as SCI Systems, Movant: J Clifford Gunter, III, Bracewell & Patterson, Houston, TX; John Joseph Edmonds, Vinson & Elkins, Houston, TX.

JUDGES: Thad Heartfield, United States District Judge.

OPINIONBY: Thad Heartfield

OPINION: [*3]

ORDER DENYING MOTION FOR MORE DEFINITE STATEMENT

Before this Court is *Compaq's Motion for More Definite Statement* [14]. Having considered the motion, the response, the reply to the response, and the arguments of counsel presented at the February 28, 2000 hearing, this Court DENIES *Compaq's Motion for More Definite Statement* [14]; it CAUTIONS counsel for Defendant Compaq Computer Corporation to stop filing frivolous motions; and it ORDERS all counsel for Defendant Compaq Computer Corporation to read *Federal Rule of Civil Procedure 11* before filing any further motions.

1. Facts and Procedural History

On November 30, 1999 Plaintiffs Charles Thurmond and Hal Lapray ("Plaintiffs") sued Defendant Compaq Computer Corporation ("Compaq") alleging Compaq "designed, manufactured, created, distributed, sold, marketed, or transmitted . . . FDC ["floppy diskette controllers"] microcode that can cause the unreported corruption or loss of data." *Plaintiffs' First Amended Original Class Complaint* [8] at p.3. "Plaintiffs purchased computers, or similar devices, sold or manufactured by Defendant, or that contain floppy **[*4]** diskette drives ('FDDs'), floppy diskette controllers ('FDCs'), or FDC instructions or commands in the form of microcode that were designed, sold, manufactured, transmitted or created by Defendant." *Id.* at p.1. Plaintiffs seek injunctive relief and statutory damages under Title *18 U.S.C. § 1030* (the "Computer Fraud and Abuse Act"), revocation of acceptance under the Uniform Commercial Code ("UCC"), breach of contract and express and implied warranties, and declaratory relief under Title *18 U.S.C. § 1030*. *Id.* at pp.10-15.

On January 28, 2000 Compaq delivered a plethora n1 of motions to this Court including *Compaq's Motion for More Definite Statement* [14]. Compaq argues "Plaintiffs' First Amended Original Class Complaint is so vague and ambiguous that Compaq cannot reasonably be required to frame a responsive pleading or make meaningful initial disclosures." *Id.* at 2. Not only is Compaq completely wrong, it contradicts itself in presenting this argument. So, this frivolous motion is denied.

> n1 This Court first considered calling the motions a "phalanx" of motions. However, the phalanx was a tight group of Greek infantry with an impenetrable shell of soldiers' shields and a lethal extension of their lances capable of piercing the strongest of armies. Out of respect for the Greeks, this Court will not liken these motions to the Greek phalanx. So plethora, not phalanx.

[*5]

2. Law

Federal Rule of Civil Procedure 12(e) says:

> If a pleading to which a responsive pleading is permitted is so vague or ambiguous that a party cannot reasonably be required to frame a responsive pleading, the party may move for a more definite statement before interposing a responsive pleading.

FED.R.CIV.P. 12(e).

The Honorable Howell Cobb of this District described how early, technical pleading practice developed into today's notice pleading:

> At common law, the pleadings came to be seen as a means of sharpening the dispute between the parties. See CASAD & SIMON, CIVIL PROCEDURE at 269-74 (1984). Common law pleadings functioned to frame issues, both legal and factual. See MOORE's FEDERAL PRACTICE P 8.03 at 8-11. In contrast, the modern philosophy of pleadings as embodied in the Federal Rules of Civil Procedure is that the pleadings do little more than indicate generally the type of litigation involved. Id. at P 8.03, 8-10. Through its notice-pleading standard and liberal discovery rules, the federal rules have shifted the primary issue-framing function away **[*6]** from the pleadings to the discovery process, which culminates in a final pretrial order. . . . *Rule 8(a)(2)* requires the pleader to give the defendant fair notice of (1) his legal theory (the claim), and (2) the general transaction or occurrence on which the claim rests (the grounds). *The federal rules do not require a claimant to set out in detail the facts upon which he bases his claim. Conley v. Gibson, 355 U.S. 41, 47, 2 L. Ed. 2d 80, 78 S. Ct. 99 (1957). Such detail is properly left to the many devices of discovery, such as interrogatories, requests for admissions, depositions.*

Charles E. Beard, Inc. v. Cameronics Technology, 120 F.R.D. 40, 41 (E.D.Tex.1988).

Nevertheless, "if a complaint is ambiguous or does not contain sufficient information to allow a responsive pleading to be framed, the proper remedy is a motion for more definite statement under *Rule 12(e) F.R.C.P.*" *Sisk v. Texas Parks & Wildlife Dep't, 644 F.2d 1056, 1059 (5th Cir. 1981)* (citing WRIGHT & MILLER, 5A FEDERAL PRACTICE & PROCEDURE 2d § 1356 at 590-591). However, as Judge Cobb noted, under *Federal Rule of Civil Procedure 8(a)* **[*7]** the Plaintiffs complaint need only contain a "short and plain statement of the claim showing the pleader is entitled to relief." *Fed.R.Civ.P. 8(a)*; see also 2 JAMES WM. MOORE, ET AL., MOORE'S FEDERAL PRACTICE, PP 8.03 and 12.36 (3d ed. 1999). Thus, a motion for more definite statement is generally disfavored by the courts-including this one. *J&J Mfg. v. Logan, 24 F. Supp. 2d 692 (E.D.Tex.1998)*; *Charles E. Beard, supra*; *Nebout v. City of Hitchcock, 71 F.Supp.2d 702, 706 (S.D.Tex.1999)*; *Faulk v. Home Oil Co., 173 F.R.D. 311 (M.D.Ala.1997)*; *Classic Communications v. Rural Tel. Serv. Co., 956 F. Supp. 910, 913 (D.Kan.1997)*; *Young v. Warner-Jenkinson Co., 170 F.R.D. 164, 165-66 (E.D.Mo.1996).*

Professor Moore elaborated on the general disfavor among federal courts for the (often tactically filed) motions for more definite statement under *Federal Rule of Civil Procedure 12(e)*:

> The motion for a more definite statement is not favored, because pleadings are to be construed liberally to do substantial **[*8]** justice. So, although they come within the court's discretion, courts grant the motions sparingly.
>
> *Rule 12(e)*'s standard is plainly designed to strike at unintelligibility rather than a lack of detail. Courts frown on a litigant's use of the motion as a "shotgun tactic" to substitute for discovery, or as a dilatory tactic to postpone filing an answer. In the presence of proper, although general allegations, the motion will usually be denied on the grounds that discovery is the more appropriate vehicle for obtaining the detailed information.

2 JAMES WM. MOORE, ET AL., MOORE's FEDERAL PRACTICE, P 12.36 (3d ed. 1999). Professors Wright and Miller echo similar disdain for use of the motion for more definite statement for discovery purposes or a fishing expedition:

> The practice is not authorized by the language of the rule and experience has shown that the granting of *Rule 12(e)* motions often leads to delay, harassment, and proliferation of the pleading stage without any commensurate gain in issue definition or savings in time . . . . In the absence of some restraint, the motion will undoubtedly be used as a vehicle for fishing expeditions at the pleadings stage.

[*9]

WRIGHT & MILLER, 5A FEDERAL PRACTICE & PROCEDURE 2d § 1356. Suffice it to say that, absent sheer unintelligibility of a complaint, this Court will not grant a *Rule 12(e)* motion for more definite statement. More important, this Court refuses to entertain a tactical or frivolous *Rule 12(e)* motion for more definite statement. Sadly, Compaq's motion falls in the latter category.

3. Analysis

Here we go again with another motion by Compaq that is rather lightweight. *Plaintiffs' First Amended Original Class Complaint* [8] is a sixteen (16) page complaint that contains ten (10) separate and distinct sections entitled: "Parties; Class Definitions and Allegations; Jurisdiction and Venue; Common Factual Allegations; First Cause of Action (Injunctive Relief); Second Cause of Action (Federal Statutory Damages); Third Cause of Action (Revocation of Acceptance); Fourth Cause of Action (Breach of Contract and Express and Implied Warranties); Fifth Cause of Action (Declaratory Relief); [and] Prayer." *Id.* As to the "vagueness or ambiguity" of Plaintiffs' causes of action, they actually list them in separate and distinct sections. Nevertheless, Compaq complains that "Plaintiffs **[*10]** know that the alleged design flaw exists, if at all, only in four Presario models." *Compaq's Reply to Plaintiff's' Response to Compaq's Motion for More Definite Statement ("Compaq's Reply')* [47] at p.1. To bolster this argument, Compaq recounts some meeting between attorneys involving a floppy disk that allegedly indicated errors on only four Compaq Presario models. *Id.* at p.2. Compaq further complains it was not allowed to inspect the disk and that "Plaintiffs should be ordered to replead to accurately state the facts now known to them." *Id.* First, this alleged floppy disk and hearsay discussion has absolutely nothing to do with whether the Plaintiffs' complaint is so vague or ambiguous that Defendant Compaq has insufficient information to respond to it. Quite the contrary, although Compaq complains *Plaintiffs' First Amended Original Class Complaint* is so "vague and ambiguous" that it cannot even frame a response, it has nonetheless squeezed out ten (10) motions-including a motion to dismiss and a fact-intensive motion for summary judgment. n2 Here's how Compaq itself described the alleged defect in one of its motions:

> Floppy diskettes are devices [*11] that can be used to store and transport data. Data transfer to and from a floppy diskette is controlled by a hardware device called a floppy diskette controller or FDC. The FDC provides the interface between the computer's Central Processing Unit ("CPU") with the floppy diskette device. Since the floppy diskette is spinning, it is necessary for the FDC to provide data to the diskette drive at a specified data rate. Otherwise, the data can be written to the wrong location on the diskette. The FDC accounts for situations when the data rate is not adequate to support the rotating diskette. In such situations, the FDC aborts the operation and signals the CPU that a data underrun has occurred.

Compaq's Motion to Dismiss for Lack of Federal Subject Matter Jurisdiction and Failure to State a Claim [11] at pp.3-4. That's a pretty good grasp of such a technical claim considering the *Plaintiffs' First Amended Original Class Complaint* [8] is so "vague" and "ambiguous" Compaq couldn't even respond. Indeed, *Compaq's Reply* reads more like a summary judgment motion than it does a complaint about the sufficiency of *Plaintiffs' First Amended Original Class Complaint* [*12] [8] since it is rife with "our computers aren't defective" language describing the alleged defect in considerable detail. n3 Despite Compaq's suggestion to the contrary, this Court refuses to return to the early days of technical pleading and force plaintiffs to submit virtual treatises on their claims-indeed, without the benefit of *any* discovery. n4 Finally, this Court notes that Compaq's plethora of motions-including this one-is really a fishing expedition designed to delay filing an answer and avoid conducting *any* meaningful discovery. This Court refuses to encourage such recalcitrant behavior.

n2 Those are denied, too, in a separate order. Incidentally, this Court notes Compaq uses its weak "the complaint's too vague" argument to avoid making its initial disclosures. Although all discovery matters in this case are referred to the Honorable Wendell C. Radford, this Court finds it perplexing that Compaq can churn out so many motions and still be unable to make its initial disclosures in compliance with this Court's local rules. "Even more troubling is the inability of this Court to prevent recalcitrant defendants from refusing to come forward *with prior art* until that defendant believes it is ready to do so." *Texas Instruments, Inc. v. Hyundai Electronics Industries, Co. 50 F. Supp. 2d 619, 627 (E.D.Tex.1999)* (striking invalidity defense of prior art for failure to disclose) (emphasis added). Yes, that was a patent infringement case. But the *prior art* should have been part of the defendant's initial disclosures. This Court does not welcome recalcitrant defendants' efforts to stall cases or tactically hide discovery through the arguments it so often hears: "the complaint's too vague," (hardly ever), "but we're special, i.e., a patent infringement case, a class action, or just different," (irrelevant), and so on. Bottom line? Make your initial disclosures or risk sanction by this Court-a Court that readily enforces Local Rule CV-26. See *Texas Instruments. Inc., supra.*

[*13]

n3 As exemplified in Compaq's reply, *Compaq's Motion for More Definite Statement* [14] actually contradicts itself. Compaq describes in detail the alleged defect and then argues that, excluding four particular models, there is absolutely no way its computers contain the alleged design flaw. *Compaq's Reply* at pp.1-3. So here's what Compaq is really saying: The complaint is too vague and ambiguous for me to frame a response, but there is absolutely no way my computers contain the alleged design flaw as described in the complaint. Ridiculous, self-contradicting, dilatory sophistry.

n4 As part of its plethora of motions, Compaq has filed *Compaq's Motion to Stay Initial Disclosures* [18] "pending the Court's ruling on Compaq's Motion to Dismiss, Motion to Transfer Venue, Motion for Recusal, and Motion for More Definite Statement." *Id.* Again, although all discovery related matters are referred to the Honorable Wendell C. Radford, this Court fails to see why Compaq rises above this Court's Local Rules-specifically Local Rule CV-26(a) (". . . A party is not excused from disclosure because there are pending motions to dismiss, to remand or to change venue.").

[*14]

3. Conclusion and Rule 11 Obligations

Plaintiffs' First Amended Original Class Complaint [8] is a sixteen (16) page complaint that contains ten (10) separate and distinct sections. In this complaint the Plaintiffs include a detailed description of their factual allegations, general theories of recovery, and relief sought by Compaq. Despite Compaq's irrelevant ramblings to the contrary, the *Plaintiffs' First Amended Original Class Complaint* [8] is not so vague or ambiguous that Compaq cannot reasonably frame a response. Quite the contrary, despite its ridiculous assertion that the complaint is so "vague and ambiguous" that it can't respond, Compaq has managed to squeeze out ten (10) motions-including a motion to dismiss (that demonstrates complete grasp of the alleged defect) and a fact-intensive motion for summary judgment. There is absolutely nothing "unintelligible" about *Plaintiffs' First Amended Original Class Complaint* [8]. There is, however, everything unintelligible about Compaq's motion for more *definite statement* under *Rule 12(e)*-in light of its self-contradicting nature and the plethora of fact-specific motions it's hurled at this Court.

Again, **[*15]** this Court reiterates that this motion for more definite statement, along with several other simultaneously filed motions, is absolutely ridiculous. It's one thing to vigorously defend a client; it's quite another to file every conceivable motion including some with highly questionable grounds. In 1991 Judge Cobb determined that a federal court incurs $ 890.00 per hour in reviewing a motion to recuse. n5 *Seneca Resources Corp. v. Moody, 135 B.R. 260, 261 (S.D.Tex.1991)*. Although this Court remains curious as to the total time and money spent on this motion, its hearing (at the request of Compaq), its consideration, and its ultimate resolution, it sincerely believes enough judicial resources have already been wasted on this motion and, consequently, refuses to spend additional any time tallying up the tab. n6 So . . .

> n5 This Court notes Judge Cobb tallied this up about nine (9) years ago. Thus, the amount is probably higher today (even for this humble Court).
>
> n6 Let no party assume this Court will show similar restraint should other such motions be filed in the future.

[*16]

This Court respectfully directs Compaq to *Federal Rule of Civil Procedure 11* which says, in part:

> (b) **Representations to Court.** By presenting to the court (whether by signing, filing, submitting, or later advocating) a pleading, written motion, or other paper, an attorney or unrepresented party is certifying to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances,-
>
> > (1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;
> >
> > (2) the claims, defenses, and other legal contentions therein are warranted by existing law or by a non-frivolous argument for the extension, modification, or reversal of existing law of the establishment of new law;
> >
> > (3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery . . .
>
> (c) If, after notice and a reasonable opportunity to respond, the court determines that **[*17]** subdivision (b) has been violated, the court may, subject to the conditions stated below, impose an appropriate sanction upon the attorneys, law firms, or parties that have violated subdivision (b) or are responsible for the violation . . .

(1)(B) On Court's Initiative. On its own initiative, the court may enter an order describing the specific conduct that appears to violate subdivision (b) and directing an attorney, law firm, or party to show cause why it has not violated subdivision (b) with respect thereto.

FED.R.CIV.P. 11. Specifically, this Court notes Compaq filed virtually every motion conceivable such that this motion for more definite statement under *Rule 12(e)* contradicts itself and other motions-i.e., a motion for more definite statement despite filing nine (9) other motions including a motion to dismiss that demonstrates complete grasp of the alleged defect and a fact-specific summary judgment motion. This is the conduct that violates Rule 11-a party filing so many motions that it actually contradicts itself. Nevertheless, this Court notes this is only the beginning of this case and we've got a long way to go. So, this **[*18]** Court merely ADMONISHES Compaq for filing this frivolous and self-contradicting motion.

Accordingly, this Court DENIES *Compaq's Motion for More Definite Statement* [14]; it CAUTIONS counsel for Defendant Compaq Computer Corporation to stop filing frivolous motions; and it ORDERS all counsel for Defendant Compaq Computer Corporation to read *Federal Rule of Civil Procedure 11* before filing any further motions.

It is SO ORDERED.

Signed this 28th day of February, 2000.

Thad Heartfield

United States District Judge